DEPARTMENT OF HUMAN SERVICES
(Child Welfare, Child Care, Youth Corrections)
FY 2013-14 JOINT BUDGET COMMITTEE HEARING AGENDA

Monday, January 7, 2013
9:00 am – 12:00 pm

9:00-9:20 INTRODUCTIONS AND OPENING COMMENTS

9:20-10:20 DIVISION OF CHILD WELFARE

Child Welfare Request and Expenditure Trends:

1. What is driving county under-expenditures? Is the spending decline reasonable? Should it cause concern in light of child welfare safety problems?

2. How has county spending changed over time per open involvement? Per child welfare referral?

3. JBC staff has suggested that if the FY 2012-13 under-expenditure trend continues, the General Assembly should either reduce the TANF appropriation for FY 2012-13 or footnote the FY 2012-13 appropriation so that any under-expenditures are applied to TANF funds, rather than the General Fund. The intent would be to preserve TANF funds and eliminate Colorado Works cuts in FY 2014-15. What is the Department's response to this suggestion?

Federal Title IV-E Waiver

4. Describe the program improvements supported by the waiver and how these will be rolled out statewide. Why are some improvements to be rolled out to all counties, while others would apply only to selected counties? Will you be imposing new requirements on counties where things are already working, whether or not they wish to implement these initiatives?

5. The Department has indicated that it believes statutory changes will be needed to implement the waiver as it wishes to implement it. It has also expressed interest in having the JBC sponsor such legislation.
   a) What are the specific statutory changes you seek?
   b) The Department has indicated that, through such legislation, it would like to change the county versus state share for reimbursing counties for different kinds of services, e.g., counties would pay a larger share for congregate care placements versus subsidized adoptions. Describe the details of your proposal.
   c) What would be the fiscal impact to the State and counties for FY 2012-13 (if any), FY 2013-14, and the subsequent years of the waiver if these changes were implemented as requested?

6. How do you expect the waiver to affect the county allocations and close-out process, as you envision implementing it?

a) Would additional funding related to the new initiatives be distributed to counties as those counties implement the waiver-required program improvements?

b) Would county savings related to implementing the waiver in the county be retained in that particular county?

c) Do the plans you describe in (a) and (b) above conflict with the current county allocations and close-out process?

d) Do the plans you describe in (a) and (b) conflict with current statute?

7. What is your proposed start-date for the waiver funding cap: April 2013? July 2013?

8. Are you requesting changes to total appropriation levels and/or the line items in which funds are appropriated for FY 2012-13 or FY 2013-14 as part of your Title IV-related legislative proposal and/or through the budget process?

<u>Child Welfare -- County Performance:</u>

9. Provide additional context for the recent child welfare news stories.

   a) Provide a timeline. When did these incidents occur and in which administration?

   b) Provide a comparison of the rate of referrals and new involvements with the rate of fatality incidents, from the past to present.

   c) Are we doing things better in the last two years than we were doing before?

10. Describe the State's ongoing initiatives to improve performance.

    a) What is the Colorado Practice Model? What things are counties doing above and beyond the Colorado Practice Model?

    b) How is the child welfare scorecard being used to improve performance? Are all counties using it?

    c) What policies and best practices does the State believe are most effective? Please provide a description of these policies and best practices and why the state believes that counties that employ these are going to be most effective.

11. Provide a detailed break-out of the appropriation for Child Welfare training. How many state and county employees benefit from this training? How do you expect the use of this line item to change based on your recent efforts to change caseworker training?

12. Respond to the staff recommendation that the State should promote better county practice by steering money toward policies the state believes counties should adopt.

    a) Do you support carving funds out of regular county allocations and directing these funds to best-practice initiatives (e.g., initiatives required under IV-E waiver)?

    b) Do you agree with the staff recommendation that the State should set aside 1-3 percent of county allocations for performance incentives (and should create a fund through which unearned incentives are redirected to performance-improvement grants)?

13. Based on consultation with the Department of Public Health and Environment and OSPB, respond to the staff recommendation on increasing funding for home visitation as a means to

reduce abuse and neglect. Does this seem appropriate? Is there capacity to absorb an increase in funding for home visitation?

10:20-10:30 BREAK

10:30-11:15 DIVISION OF YOUTH CORRECTIONS

Youth Corrections Request and Commitment Trends

14. Staff has indicated that a supplemental and budget amendment are likely, based on ongoing declines in the youth corrections population. The Department has been asked to submit any plans for DYC budget adjustments and downsizing as part of the regular January supplemental submission, so that staff and the Committee have adequate time to review any proposals and consider the budget implications. Have you submitted your proposal as requested? If so, please describe. If not, what is the reason for the delay, and when will you submit your proposal?

15. Why are the commitment and detention populations dropping?

16. How is it determined where the youth who are committed are placed? Who determines this and how does it impact the cost structure?

17. What is the reason for the sharp decline in July 2012 for the C-State measure "Youth Enrolled in an Educational Program or Employed at Discharge"? Is there any correlation between the availability of aftercare services and funding and this performance outcome? How was performance on this measure affected by the previous budget cut to Parole Program Services?

18. Is there a way to redirect some savings associated with DYC downsizing toward providing respite for families who have children who are disabled and violent, in order to prevent such children ending up in the DYC system?

19. [Rep. Rosenthal] What research exists that supports DYC's position that there should be 40% of placements in state operated secure facilities, and has there ever been an evaluation to validate this practice?

20. [Rep. Rosenthal] What role did research or fiscal policy play in the disproportionate reductions in privately run facilities/programs versus state operated facilities, whereby there are few reductions in state run facilities?

21. [Rep. Rosenthal] Categorical Daily Cost Averages (i.e. $249 for state owned and operated facilities) do not offer sufficient data for comparison. Detail the daily cost for each DYC facility, both state-operated and privately operated.
    a) What is the daily rate of commitment beds at Lookout Mountain, Mount View, Zebulon Pike, Spring Creek, and all other DYC state–operated facilities?
    b) What is the contracted daily cost for Ridge View, the Marler Center, Denier Center?

c) Please provide the contracted daily rate for privately owned and operated programs including Jefferson Hills and Devereaux Cleo Wallace.
d) Please identify all Education costs specifically for each service regardless of funding source.

22. [Rep. Rosenthal] How much of the savings generated from the closure of Sol Vista and the pod at the Foote Center were directed back into state operated programs? Were there any net savings realized after the "reinvestment" from these closures, and what data supports a benefit (if any) to the state in return?

<u>The Detention and Commitment Continuum – Options for Further Reducing the Use of Secure Beds</u>

23. Discuss the variations in judicial district management of their allocated detention beds. Provide data by judicial district on: (1) numbers of commitments and commitments per 10,000 youth; (2) number of detention admissions and reasons for detentions (e.g., pre-adjudicated, failure to comply).

24. For youth identified as admitted to detention for warrants or remands, is this the equivalent of incarceration for a technical violation? What strategies should be implemented to reduce use of secure detention for "technical violations", truancy, and other reasons that are contrary to best practice? Should bed allocations be reduced (or borrowing from other districts limited) when judicial districts appear to be misusing beds?

25. Please respond to the letter from the JBC requesting that you contact judicial districts and ask them, in collaboration with county departments of human services and other partners, to submit proposals for reducing detention beds and capping commitment beds in return for funding for placement alternatives.

26. What is the range of savings that might be available to judicial districts as a result of reducing the number of detention beds?

11:15-11:45 DIVISION OF CHILD CARE

<u>Child Care Licensing, Child Care Costs, and Early Childhood Councils</u>

27. Please discuss early childhood councils. What are the benefits of the councils? How much funding was taken from them during the recession? Should that money be put back? Would that be a better use of federal block grant funds than the requested CCCAP provider rate increase? Will the Councils receive increases from Race to the Top funds?

28. Child care providers report that the cost of child care in Colorado is the highest in nation. What is driving extremely high cost of child care?

29. Licensed child care providers claim there are unlicensed providers who are not being regulated and are actively advertising on the web. Does the Department need to reallocate resources to find these unlicensed providers?

Colorado Child Care Assistance Program/Division of Child Care Update

30. Explain the drivers behind county under-expenditure of the Colorado Child Care Assistance Program (CCCAP) child care subsidy program. How do county commissioner decisions drive spending? Is the fear of losing federal money driving increased federal block grant reserves or placing more barriers on services?

31. Will a provider rate increase for CCCAP actually result in rate increases for providers, given that counties set reimbursement levels?

32. In light of the unexpected reversion of federal block grant funds to the Child Care Development Funds (CCDF) state reserve in FY 2011-12, is the State at risk of reverting any CCDF funds to federal authorities?

11:45-12:00 GENERAL – SAO AUDIT RECOMMENDATIONS NOT ACCEPTED

33. Please review the list of State Auditor's Office recommendations not accepted by the Department. Does the Department still disagree with all of these recommendations or has it reconsidered its position on any of these items?

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Child Welfare Request and Expenditure Trends:

1. What is driving county under-expenditures? Is the spending decline reasonable? Should it cause concern in light of child welfare safety problems?

   Response:

   The Child Welfare Services line is a block allocation to County Departments to fund program services, subsidized adoption and out-of-home placement. The under-expenditure is due, at least in part, to the safe reduction in out of home placement, both in terms of type of care and length of stay. While the Child Welfare Services line is down, the Family and Children's Programs (Core Services) line is fully expended as in-home services and permanency efforts have increased.

	FY 2010	FY 2011	FY 2012
Child Welfare Services			
Total Program Service Costs	$171,246,045	$171,361,257	$175,671,726
Total Cost for all OOH	$ 119,784,207	$ 110,418,858	$ 104,895,302
Number of Children in OOH	11,905	11,246	10,503
Average Days per OOH episode	146	144	138
Total Paid Days for all OOH	1,740,892	1,616,767	1,448,380
Number of Children Receiving Adoption Subsidy	10,989	11,156	11,363
Total Annual Adoption Subsidy Paid Days	3,035,288	3,043,501	3,053,292
Core Services			
Total Core Services Allocation	$44,456,711	$44,576,054	$44,576,053
Total Core Services Expenditure	$48,342,272	$46,417,447	$46,517,261

Data is taken from the Allocations Driver Data and the 2012 YTD Final OOH and ADP report.

   The under-expenditure in Child Welfare Services is reasonable, does not cause concern, and is aligned with the needs of children as well as the reforms that have been initiated in Colorado over the last five years.

2. How has county spending changed over time per open involvement? Per child welfare referral?

Response:

Funding Changes in Child Welfare	FY 2009-10	FY 2010-11	FY 2011-12
Cost per Referral	$65.48	$82.37	$85.11
Cost per OOH Open Involvement	$17,311	$17,803	$18,056
Cost per In-Home Open Involvement	$6,908	$7,441	$7,847

This methodology may under-estimate the expenditure in a given case and does not allow for a good faith estimate of an average cost.

3. JBC staff has suggested that if the FY 2012-13 under-expenditure trend continues, the General Assembly should either reduce the TANF appropriation for FY 2012-13 or footnote the FY 2012-13 appropriation so that any under-expenditures are applied to TANF funds, rather than the General Fund. The intent would be to preserve TANF funds and eliminate Colorado Works cuts in FY 2014-15. What is the Department's response to this suggestion?

Response:
The Department is in support of the Joint Budget Committee's efforts to minimize the Division of Child Welfare's dependence on TANF over time.

<u>Federal Title IV-E Waiver</u>

4. Describe the program improvements supported by the waiver and how these will be rolled out statewide. Why are some improvements to be rolled out to all counties, while others would apply only to selected counties? Will you be imposing new requirements on counties where things are already working, whether or not they wish to implement these initiatives?

Response:

The program improvements identified in the IV-E waiver support Governor Hickenlooper's Child Welfare Plan "Keeping Kids Safe and Families Healthy." This includes strategies of: a common practice approach across counties; managing decisions and performance through data; and, aligning funding with outcomes.

The Department is committed to consistent approaches and the availability of services to every child that touches the child welfare system. Some interventions will have a statewide impact while some interventions, such as permanency roundtables, family

engagement or kinship supports, will be rolled out according to each county's readiness. Counties' training, support and funding needs vary. This approach ensures counties are prepared to serve children and families, and can maintain fidelity when implementing the interventions.

5. The Department has indicated that it believes statutory changes will be needed to implement the waiver as it wishes to implement it. It has also expressed interest in having the JBC sponsor such legislation.
   a) What are the specific statutory changes you seek?

      Response:
      The Department was notified that it received the waiver in October. The Department worked with the U.S. Department of Health and Human Services in November to clarify the terms of the waiver. The Department is working with County Departments to develop the waiver plan and the legislative changes needed to implement the plan. The Department anticipates having the request for legislation along with the package of proposed changes to the JBC by February 1st.

   b) The Department has indicated that, through such legislation, it would like to change the county versus state share for reimbursing counties for different kinds of services, e.g., counties would pay a larger share for congregate care placements versus subsidized adoptions. Describe the details of your proposal.

      Response:
      The Department will have a response and final plan for legislation related to the waiver by February 1, 2013.

   c) What would be the fiscal impact to the State and counties for FY 2012-13 (if any), FY 2013-14, and the subsequent years of the waiver if these changes were implemented as requested?

      Response:
      The fiscal impacts will be known once a final plan is developed for implementation.

6. How do you expect the waiver to affect the county allocations and close-out process, as you envision implementing it?

   Response:
   The IV-E waiver plan will have some impact on county allocations and the close-out process. The fiscal impacts will be known once a final plan is developed for implementation.

a) Would additional funding related to the new initiatives be distributed to counties as those counties implement the waiver-required program improvements?

Response:

Yes, if any interventions are performed by the state, they may utilize the additional funding.

b) Would county savings related to implementing the waiver in the county be retained in that particular county?

Response:

The waiver requires that the State have a reinvestment plan. The plan for savings related to implementing the waiver will be known once a final plan is developed for implementation.

c) Do the plans you describe in (a) and (b) above conflict with the current county allocations and close-out process?

Response:

The Department will be proposing changes to the allocation methodology, including adjustments that may be necessary due to the waiver.

d) Do the plans you describe in (a) and (b) conflict with current statute?

Response:

The Department will have a response and final plan for legislation related to the waiver by February 1, 2013.

7. What is your proposed start-date for the waiver funding cap: April 2013? July 2013?

Response:

The Department intends a July 2013 start-date to align with the state fiscal year. The terms of the waiver require implementation no later than September 30, 2013.

8. Are you requesting changes to total appropriation levels and/or the line items in which funds are appropriated for FY 2012-13 or FY 2013-14 as part of your Title IV-related legislative proposal and/or through the budget process?

Response:
The Department is considering budgetary changes and will submit requests if necessary.

Child Welfare -- County Performance:

9. Provide additional context for the recent child welfare news stories.
   a) Provide a timeline. When did these incidents occur and in which administration?

   Response:

Year: Governor:	2007 Ritter	2008 Ritter	2009 Ritter	2010 Ritter	2011 Hickenlooper	2012** Hickenlooper
Fatalities With Prior Involvement	**11**	**10**	**12**	**12**	**16***	**10**

***5 of these fatalities were in a single motor vehicle accident**
**** One pending investigation is not included**

   b) Provide a comparison of the rate of referrals and new involvements with the rate of fatality incidents, from the past to present.

   Response:

Year	Referrals[1]	Accepted Referrals[1]	New Involvements[1]	Fatalities With Prior Involvement[2]	Fatalities Without Prior Involvement[2]	Child Population[3]
2007	57.0	29.2	12.9	.89	1.38	1,223,474
2008	60.0	30.9	12.5	.80	1.6	1,244,134
2009	60.4	30.4	11.5	.95	1.58	1,258,823
2010	59.8	30.1	10.9	.9	1.63	1,281,607
2011	62.8	28.1	9.5	1.64[4]	1.25	1,274,619
2012	65.4	27.6	10.5	.79	1.11	1,250,366

[1] per 1,000 child population based upon the state fiscal year
[2] per 100,000 child population based upon the calendar year
[3] population data from the Department of Local Affairs for the fiscal year
[4] 5 deaths in single motor vehicle accident

   c) Are we doing things better in the last two years than we were doing before?

   Response:
   The Department has been actively and continuously improving child welfare services in collaboration with the counties and other partners. The ongoing initiatives to improve performance have been led and embraced by the last three Administrations and are guided by the findings of several child welfare studies that were conducted between 2007 and 2010. From Governor Owens' Foster Care and Adoption Task Force to Governor Ritter's Child Welfare Action Committee to Governor Hickenlooper's Child Welfare Plan "Keeping Kids Safe and Families Healthy",

improvements have been made. Two-hundred seventeen (217) recommendations for improvement were contained in these studies/reviews, and over 85% have been implemented or partially implemented.

A few of the major accomplishments are:

- **Development and implementation of the Child Welfare Training Academy including a competency based curriculum;**
- **Development and implementation of Colorado's Practice Model, using national experts to guide the process;**
- **Piloting, developing, implementing and evaluating Differential Response;**
- **Implementation of an Ombudsman Program to respond to citizen complaints;**
- **Increasing transparency through the public reporting of child fatality, near fatality and egregious incidents;**
- **Creation of the Collaborative Management Program;**
- **Enabling services for Homeless Youth; and**
- **Colorado was selected for the IV-E waiver.**

Children do best when they can be safely kept with their own families. The Core Services Program enables County Departments to provide these family preservation services. In FY 2011-12, core services were provided to 27,070 individuals. This is a 12% increase from FY 10-2011 and a 77.8% increase from FY 2009-10.

10. Describe the State's ongoing initiatives to improve performance.

Response:

Included in Governor Hickenlooper's Child Welfare Plan "Keeping Kids Safe and Families Healthy", the Department has implemented C-Stat. Twelve C-Stat measures are specific to child welfare. C-Stat is a transparent process that allows for the on-going review of performance data and improves outcomes through collaboration between the Department and its partners to review and act on the data. The Department is working to make C-Stat data more readily available to County Departments. This close attention to performance data improves outcomes related to child safety, permanency, and well-being. Examples of C-Stat at work include a 38% improvement in accurate completion of assessment tools and a 19.1% improvement in timely closure of assessments. All 64 counties participate with the State in the C-Stat process.

a) What is the Colorado Practice Model? What things are counties doing above and beyond the Colorado Practice Model?

Response:
The Colorado Practice Model identifies best practices for delivering child welfare

services to Colorado children and families. The model was developed in 2010 through a collaborative process involving child welfare caseworkers, state child welfare experts and national experts such as the Mountains and Plain Child Welfare Implementation Center and the American Public Human Service Association's Positioning Public Child Welfare Guidance. Department staff partner with County Department staff to implement the model.

The Colorado Practice Model is dynamic; it relies upon thirty-eight overarching standards of practice while allowing for continuous quality improvement. The Colorado Practice model incorporates state and county-led innovation into the Compendium of Promising Practices. Examples of county led innovations include: permanency roundtables, prevention programs, differential response, the scorecard, and IMPACT.

b) How is the child welfare scorecard being used to improve performance? Are all counties using it?

Response:

The scorecard was initially developed by five County Departments. It was refined and incorporated into the Colorado Practice Model in January 2011. The scorecard has twenty-one outcome measures. The scorecard is used by managers and executive leadership at the state and local level to improve the delivery of child welfare services to Colorado children and families. C-Stat and the scorecard are aligned.

This tool is available for all counties as requested and its use is required for the thirty-four Colorado Practice Model counties.

c) What policies and best practices does the State believe are most effective? Please provide a description of these policies and best practices and why the state believes that counties that employ these are going to be most effective.

Response:
The following examples of emerging, promising, or evidence based practices in one or more counties are currently being evaluated for broader county implementation across the State. They are all part of the Colorado Practice Model:

<u>Permanency by Design</u> refers to three related approaches that are focused on finding permanent homes for children would otherwise be stuck in foster care. This work is championed by counties, the Department, the National Conference of State Legislatures, the National Governors Association, and the Casey Family Program.

<u>Differential Response</u> offers two or more tracks for screened in reports of child abuse or neglect. In Colorado, the DR track is titled, Family Assessment Response (FAR). FAR is for low and moderate risk reports of child abuse and neglect, whereas High

Risk Assessment is for those reports which require a finding of whether or not child abuse and neglect occurred.

<u>The Trauma Informed System of Care</u> model is an approach to improving and integrating services and supports for children and youth with serious behavioral health challenges and their families.

<u>The FAST Team</u> is an Intake/Ongoing hybrid model in that caseworkers complete moderate to high risk assessments and if deemed appropriate for the FAST Team, maintain the case, providing ongoing intensive and short-term case management for a period of 90 days.

<u>Fostering Healthy Futures</u> (FHF) is a randomized controlled trial of an innovative prevention program for preadolescent youth (ages 9–11) placed in out-of-home care.

<u>Professionalism of the Child Abuse/Neglect Hotline</u>. This practice implemented a plan to employ Social Caseworkers in Denver's Child Abuse Hotline (call center).

11. Provide a detailed break-out of the appropriation for Child Welfare training. How many state and county employees benefit from this training? How do you expect the use of this line item to change based on your recent efforts to change caseworker training?

Response:
The Training Academy redesign is to ensure the Training Academy meets the safety and permanency needs of Colorado's children, youth, and families by offering research and evidence based training to all providers in the Child Welfare system, including: new workers, experienced workers, supervisors, executive leaders, private agencies, kin, foster and adoptive parents.

Child Welfare training appropriation break-out:

Cost	FY 2011-12 Unit Budget
Training Academy Services	$ 3,421,000
Division of Child Welfare Training	$760,000
Participant Reimbursement	$ 210,000
Independent Training Evaluation	$ 142,000
Web Based Training & Web Based Registration Learning Management Systems	$ 355,000
National and Colorado Training	$ 75,000
Educational Stipends (new worker recruitment)	$ 473,000
Academy redesign and transition beginning 4/1/13	$ 290,000
Staff salaries and unit operating	$ 408,000
Total	$ 6,134,000
Long Bill Appropriation	$ 6,134,611

How many state and county employees benefit from training?

Response:

Training Academy Participation*	County Department Staff	State Department Staff
FY 2010-11	2,146	79
FY 2011-12	1,904	120

In addition to training provided through the Training Academy, Department staff provides training, and Department and County Department staff attends national and other state trainings.

How do you expect to use this line item to change based on recent efforts to change caseworker training?

Response:

The expectation is to serve more of the child welfare community more thoroughly through training that is current, topical and accessible. One premise of the redesign is that increased efficiencies in administering the program allow for dollars to be repurposed within the existing appropriation. The redesign includes: making training more accessible through the creation of four regional training centers, offering more web-based training, ensuring County Departments have a primary role in identifying their training needs, and an on-going curriculum review to ensure training meets the current needs of the child welfare community. The redesign of the Training Academy is for the benefit of new and current County Department caseworkers, new supervisors, County Department child welfare staff, foster/adoptive parents and kin providers.

Year one is devoted to rebuilding the Training Academy's infrastructure. In future years, as the number of courses, curriculum, and specialized course offerings expand, the Department may request changes to this line.

12. Respond to the staff recommendation that the State should promote better county practice by steering money toward policies the state believes counties should adopt.
    a) Do you support carving funds out of regular county allocations and directing these funds to best-practice initiatives (e.g., initiatives required under IV-E waiver)?

Response:

Generally, the Department agrees that allocations and other funding strategies should link to best practices. The Department will be submitting recommendations

to the Child Welfare Allocation Committee for changes to the current funding methodology in February, 2013.

b) Do you agree with the staff recommendation that the State should set aside 1-3 percent of county allocations for performance incentives (and should create a fund through which unearned incentives are redirected to performance-improvement grants)?

Response:

The Department supports setting aside some portion of funds at the state for performance incentives. A set aside for incentives is part of the allocation work that is in progress.

13. Based on consultation with the Department of Public Health and Environment and OSPB, respond to the staff recommendation on increasing funding for home visitation as a means to reduce abuse and neglect. Does this seem appropriate? Is there capacity to absorb an increase in funding for home visitation?

Response:

The Department agrees that primary prevention programs need to be better aligned with the secondary and tertiary child abuse and neglect prevention efforts. The Hickenlooper Administration supports aligning primary child abuse and neglect prevention programs within the Department's prevention efforts.

The Department agrees that prevention and early intervention programs can reduce child abuse and neglect, and that these programs merit further exploration. The Department is unable to respond to the Department of Public Health and Environment's ability to absorb an increase in funding for home visitation.

10:20-10:30 BREAK

10:30-11:15 DIVISION OF YOUTH CORRECTIONS

Youth Corrections Request and Commitment Trends

14. Staff has indicated that a supplemental and budget amendment are likely, based on ongoing declines in the youth corrections population. The Department has been asked to submit any plans for DYC budget adjustments and downsizing as part of the regular January supplemental submission, so that staff and the Committee have adequate time to review any proposals and consider the budget implications. Have you submitted your proposal as requested? If so, please describe. If not, what is the reason for the delay, and when will you submit your proposal?

    Response:

    The Department will submit a comprehensive FY 2012-13 Supplemental Request later this month that will fully address the decline in the Youth Corrections population, including a re-alignment of the Department's overall detention and commitment capacities.

15. Why are the commitment and detention populations dropping?

    Response:

    Overall, Colorado has experienced reductions in the number of youth entering the juvenile justice system. The following table shows the declines in youth entering the juvenile justice system since FY 2005-06.

Juvenile Justice Measures	FY 2005-06 to FY 2010-11% Decline
Juvenile Arrests	-28.3%
New Juvenile Court Filings	-32.9%
New Probation Intakes	-35%
Referrals for Detention Screens	-30%
New Detention Admissions	-27.5%
New Commitments	-42.9%

Colorado's experience is largely aligned with experiences of other states throughout the country, where these same measures have been in decline for several years. In Colorado, arrests, court filings and probation intakes all have a direct impact on the use of juvenile detention. Additionally, the level of new commitments that the Department experienced last fiscal year is the lowest since the early 1990s.

The declining number of youth entering the juvenile justice system has not only had a direct impact on secure detention populations, but has also contributed to a decrease in

new commitments and commitment average daily population during this same time period. However, the significant reduction in new commitments cannot be solely attributed to fewer youth entering the juvenile justice system, as the number of new commitments has fallen more dramatically than the number of new arrests and filings. Research has not been conducted to formally identify the factors that have led to the trend in declining new commitments. However, it is significant to note that during this time-period, local communities have made significant progress in re-directing certain youth from commitment through House Bill 04-1451 and Senate Bill 91-94 collaborative approaches. Many House Bill 1451 programs target services and new approaches (e.g. Hi-Fidelity Wrap Around) to high-risk, multi-system involved youth and their families.

Finally, the Department's recently completed Annual Recidivism Report shows a dramatic decline in recidivism for the second year in a row, indicating the Department's practices are assisting youth to successfully reintegrate into their communities, resulting in fewer youth who re-enter the justice system.

16. How is it determined where the youth who are committed are placed? Who determines this and how does it impact the cost structure?

Response:

Placement decisions are made through a consensus-based Multi-Disciplinary Team (MDT) decision-making process. The MDT is primarily comprised of the youth, the family, the assessment specialist, the educational diagnostician, and the Client Manager. DYC completes a comprehensive assessment of newly committed youth during the first thirty days of commitment. The assessment generates information on security classification, criminogenic risk areas, mental health, substance abuse, educational needs, family treatment needs, and long-term transition plans. All of these factors directly influence a youth's placement. The length of a youth's sentence and the sentence type also play a role in placement decisions, as some programs specialize in serving youth with shorter lengths of stay while others provide treatment to youth with longer sentences. For example, youth sentenced under Section 19-2-601 5(a) C.R.S. (II) as an aggravated juvenile offender must be placed in a secure placement.

The MDT utilizes this information to make a decision on placement type and the services that best fit the youth's treatment needs. The youth's Client Manager makes referrals to programs that represent the best fit between the youth's treatment needs and security level. The Department must also consider bed availability, balancing a youth's needs to enter long-term treatment immediately with the most appropriate placement. Because the General Assembly aligns the Department's resources with the anticipated mix of capacity needs, cost is not a factor in individual placement decisions.

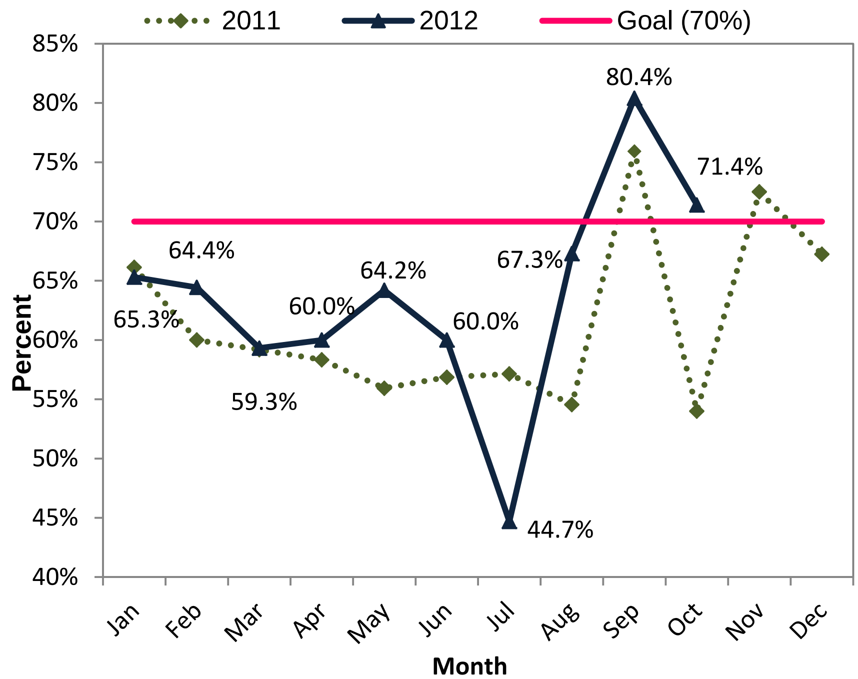
17. What is the reason for the sharp decline in July 2012 for the C-Stat measure “Youth Enrolled in an Educational Program or Employed at Discharge”? Is there any correlation between the availability of aftercare services and funding and this performance outcome? How was performance on this measure affected by the previous budget cut to Parole Program Services?

Response:

The purpose of this measure is to capture the Department’s ability to successfully re-connect committed youth to their communities through positive, pro-social activity. Research has consistently demonstrated that a primary factor in successfully re-integrating juvenile offenders is a structured pro-social connection to work, school, or other community activities. Such activities may take the form of enrollment in an educational program, employment, job training, vocational school, engagement in community service projects or volunteer work. The measure is designed to collect data on a youth’s status at discharge.

Early in 2012, the Department conducted an analysis of the issues contributing to a pattern of lower than anticipated performance. The analysis highlighted procedural and process issues that were impeding an accurate measurement of performance. Specifically, the two factors were how staff assessed a youth’s status at discharge and the limitations posed by the Trails data entry interface.

The Department implemented action plans in late spring of 2012. Staff were trained in a consistent interpretation of a “Full or Part Time Program” to ensure all of the options noted above were taken into consideration. A new Trails interface was developed and rolled out in July of 2012. The initial roll out process and the learning curve necessary for staff to become proficient in the new interpretation and data entry windows may have contributed to the drop experienced in July. There are also seasonal influences that impact performance during the summer months. An example includes youth who discharge with a plan to enroll in school in the fall but may not yet be engaged in a full or part-time program.



There is no correlation between funding and services and the performance demonstrated in the above chart. Performance was not impacted by the previous cut to Parole Program Services as the Department's funding has remained consistent with the number of youth in transition from residential to parole and those on parole status in the community.

18. Is there a way to redirect some savings associated with DYC downsizing toward providing respite for families who have children who are disabled and violent, in order to prevent such children ending up in the DYC system?

Response:

The Department will identify specific priorities for utilizing savings resulting from DYC downsizing as a part of the Supplemental Budget Request to be submitted later this month.

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

19. [Rep. Rosenthal] What research exists that supports DYC's position that there should be 40% of placements in state operated secure facilities, and of placements in state operated secure facilities, and has there ever been an evaluation to validate this practice?

Response:
The Department does not target a specific percentage of youth who must be or will be placed in secure, State-operated facilities. Rather, the Department conducts an analysis of the profiles of youth entering the commitment system to determine the appropriate mix of secure, State-operated and contract non-secure residential placements. Information gathered through the initial commitment assessment process forms the basis for these profiles. The mix is determined by analyzing the committed population to identify overall youth treatment needs and security level. The Department has conducted this secure placement analysis on three occasions over the past 18 months. The results of all three have shown a need for approximately 40% of the Department's commitment capacity in secure, State-operated, facilities. Thus, approximately 60% of all committed youth are placed in community-based contract residential placements.

20. [Rep. Rosenthal] What role did research or fiscal policy play in the disproportionate reductions in privately run facilities/programs versus state operated facilities, whereby there are few reductions in state run facilities?

Response:

As stated in the Department's response to question 19 above, research does play a role in the initial placement decisions, as the Department uses research-based assessment tools to determine individual youth needs, which then drives the total needed secure and community-based components of commitment capacity. In terms of disproportionate reductions, in actuality, the Department has reduced DYC secure State-operated facility capacity by over 25% since 2007. The following table demonstrates these reductions:

Year	Facility	Reduction	Total Capacity
2007	**DYC Total Secure Commitment Capacity**		**524**
2007	Lookout Mountain YSC	46 beds	
2011	Sol Vista YSC	20 beds	
2011	Marvin Foote YSC	24 beds	
2011	Capacity reduced from 110% to 100%	40 beds	
Current	Revised DYC Capacity		**394**

At the beginning of FY 2007-08, the Department's State-operated commitment capacity was 524. After the reductions shown above, State-operated secure capacity has decreased by 25%. While it is true that reductions in the use of contract residential

programs have been larger, over the past 6 years, the Department has identified a growing number of newly committed youth who present with a complex combination of treatment needs (e.g., severe mental health issues, substance abuse, trauma, family interventions, and violence and aggression), as well as a high risk to re-offend. As a result of the growth in this population, the proportion of complex, high needs committed youth served in State-operated facilities has risen approximately 6% since FY 1998-99.

It is also important to note that the Department's State-operated facilities provide more than treatment services to committed youth. State-operated facilities maintain an average daily population of newly committed youth who are in the assessment process as well as those youth who have completed the process and are awaiting their first placement. Secure, State-operated facilities also provide services to youth who have failed in contract placements or on parole and who are awaiting a new placement or are pending a parole revocation hearing before the Juvenile Parole Board. In addition to the closures outlined above, further adjustments to State-operated capacities will be included in the Department's FY 2012-13 Supplemental Request. Because the State's juvenile detention and commitment population trends have been so dynamic over the last several years, the Department will also be seeking to contract with an outside entity to provide a 3-5 year capacity needs analysis, similar to the study that the Department of Corrections is pursuing.

21. [Rep. Rosenthal] Categorical Daily Cost Averages (i.e. $249 for state owned and operated facilities) do not offer sufficient data for comparison. Detail the daily cost for each DYC facility, both state-operated and privately operated.

    a) What is the daily rate of commitment beds at Lookout Mountain, Mount View, Zebulon Pike, Spring Creek, and all other DYC state–operated facilities?

    b) What is the contracted daily cost for Ridge View, the Marler Center, Denier Center?

    c) Please provide the contracted daily rate for privately owned and operated programs including Jefferson Hills and Devereaux Cleo Wallace.

    d) Please identify all Education costs specifically for each service regardless of funding source.

    Response:

    The table below shows the rates for State-operated secure facilities. It is important to note that unlike the rates shown on the following page for contract residential programs, the State-operated rates include all costs associated with education, clinical treatment services and medical services.

Estimated FY12-13 Daily Rate per Youth		
	Total Detained Cost Per Day	Total Committed Cost Per Day
Adams	$ 191.64	
Foote	$ 162.49	
Gilliam	$ 196.69	
Pueblo	$ 230.02	
Grand Mesa	$ 147.92	$ 219.34
Mount View	$ 158.76	$ 235.35
Platte Valley	$ 135.67	$ 190.75
Spring Creek	$ 150.34	$ 213.99
Lookout Mtn		$ 249.73
Zeb Pike		$ 287.55

For further information please refer to the JBC Briefing Document, pages 62, 63 and 64. There is substantial additional detail related to specific costs within Division of Youth Corrections' facilities.

The following table includes the provider per diem rates for the Division of Youth Corrections' contract providers. Comparison of these rates must be approached with a great deal of caution. Attempts to compare program rates may lead to inaccurate conclusions as programs range in purpose from staff secure, intensive treatment programs to open, group home settings that focus on transition to prepare youth for independent living, to foster home like settings. Likewise, programs vary significantly in the types of services provided. All of the rates shown below were procured through a competitive Request for Proposals process, pursuant to State Procurement Rules.

Note: The below rates do not represent the full cost to the State. Most contract providers also receive State funding in the form of: Education Per Pupil Operating Revenue, Special Education Funds, Title I Funds, School Breakfast and Lunch Funding, and Medicaid fee-for-service funding to support treatment services. In addition, with few exceptions youth placed in these programs qualify for Medicaid; thus, all off-site specialty medical costs are covered under Medicaid. All of these contribute to an actual higher cost to the State than is represented by the per diem below.

FY 12-13 Provider Rates for Purchased Contract Placements

Program	Per Diem
Alternative Homes for Youth	$178.73
Ariel Clinical Services – Basic	$74.92
Ariel Clinical Services – Upgrade	$93.38
Children's Ark	$143.28
Community Corrections	$51.54
Cornell Southern Peaks	$195.49

Program	Per Diem
Dale House	$137.07
Days BASIC	$75.62
Days Undocumented	$88.75
Devereux Cleo Wallace	$217.27
Gateway Residential Delta Program	$174.08
Gateway Residential Girls	$205.88
Griffith for Children	$185.50
Griffith Meridian	$126.15
Griffith Proctor	$88.35
Griffith Prospect	$146.40
Haven Corp	$148.75
Hilltop Brown Center A	$137.87
Hilltop RYS A	$174.61
Jefferson Hills	$197.33
Kids Crossing	$91.88
Kids Crossing Group	$120.00
Lost & Found	$168.33
Lost & Found Proctor	$106.55
Maple Star	$86.45
Mountain Crest	$178.08
Mountain Crest Corbett H	$160.00
Reflections	$167.89
ROP - DeNier	$144.77
ROP - Marler	$196.39
ROP - Ridge View	$135.94
ROP - Q-House	$135.94
Savio	$189.22
Summit	$125.06
Summit Sex Offenders	$130.65
Synergy	$154.35
Third Way	$172.95
Third Way – Lowry	$184.55
Turning Point	$174.92
Youth Track	$141.90
Youth Track- San Luis Valley	$145.61
Whimspire CPA	$74.68

22. [Rep. Rosenthal] How much of the savings generated from the closure of Sol Vista and the pod at the Foote Center were directed back into state operated programs? Were there any net savings realized after the "reinvestment" from these closures, and what data supports a benefit (if any) to the state in return?

Response:
The total savings from the closures of Sol Vista and the Marvin Foote commitment program are shown below. It is important to note that the closures were a result of a strategy to better align capacities with individualized youth needs, and was not a cost-savings strategy.

Savings from Closures	$ 2, 017,305
Expenditure to purchase contract residential beds for youth who were displaced from closed programs	$ (1,498,562)
Savings reinvested in critical post staff, suicide mitigation	$ (277,790)
Savings reverted to the General Fund	$ 383,787

23. Discuss the variations in judicial district management of their allocated detention beds. Provide data by judicial district on: (1) numbers of commitments and commitments per 10,000 youth; (2) number of detention admissions and reasons for detentions (e.g., pre-adjudicated, failure to comply).

Response:

Detention Admissions and New Commitments FY 2011-12

The following table shows the numbers of commitment by Judicial District and the number of detention admissions.

Region	JD	New Detention Admissions	New Commitments
Central			
	1st	833	78
	2nd	1,124	75
	5th	53	2
	18th	1,140	61
Central Total		**3,150**	**216**
Northeast			
	8th	451	45
	13th	111	9
	17th	695	45
	19th	555	53

	20th	442	10
Northeast Total		**2,254**	**162**
Southern			
	3rd	36	1
	4th	973	65
	10th	435	9
	11th	208	8
	12th	71	11
	15th	47	4
	16th	56	7
Southern Total		**1,826**	**105**
Western			
	6th	77	13
	7th	79	11
	9th	79	8
	14th	11	2
	21st	235	15
	22nd	40	1
Western Total		**521**	**50**
Statewide Total		**7,751**	**533**

The following table demonstrates detention and commitment rates for each of the 22 judicial districts since FY 2000-2001.

DETENTION RATE TRENDS (per 10,000)

JD	FY01-02 RATE	FY02-03 RATE	FY03-04 RATE	FY04-05 RATE	FY05-06 RATE	FY06-07 RATE	FY07-08 RATE	FY08-09 RATE	FY09-10 RATE	FY10-11 RATE	FY11-12 RATE
1	8.2	6.6	5.0	7.2	8.2	8.1	7.5	7.7	6.5	6.7	5.8
2	17.2	13.5	9.8	15.6	15.0	14.6	14.1	12.1	9.9	10.1	8.2
3	6.8	7.3	7.7	8.1	12.1	9.9	9.7	7.4	8.4	7.0	6.5
4	8.1	6.3	4.4	6.5	7.1	6.4	6.5	6.5	6.5	6.6	6.2
5	4.2	3.0	1.7	3.7	3.7	3.2	2.8	2.9	1.7	1.4	1.7
6	11.5	7.7	3.9	6.3	7.0	7.1	9.0	7.5	7.1	7.6	6.7
7	7.2	5.1	2.9	5.1	4.1	4.8	4.4	5.7	4.8	4.5	3.9
8	7.6	5.7	3.7	6.1	6.1	6.0	6.9	7.1	7.7	6.3	5.8
9	9.8	7.0	4.2	5.8	7.0	4.6	3.7	5.6	2.9	4.6	5.3
10	17.9	12.6	7.4	11.0	11.4	10.5	10.9	9.0	8.2	8.5	6.2
11	12.9	8.5	4.2	9.5	9.7	7.6	8.8	9.5	9.2	6.1	8.2
12	10.5	7.1	3.8	7.7	7.0	6.4	7.2	5.3	7.5	6.2	6.7
13	10.2	7.5	4.9	7.5	7.6	7.1	6.9	6.5	5.2	6.2	5.2
14	5.7	4.4	3.1	4.9	5.6	7.5	4.3	4.6	1.9	1.6	1.6
15	8.6	6.9	5.2	10.1	9.0	12.6	7.9	6.9	7.0	8.8	12.5
16	10.1	6.8	3.6	5.1	7.8	8.0	8.2	10.4	6.7	7.5	8.0
17	6.8	4.9	3.1	5.3	5.0	5.1	5.6	5.0	4.1	3.9	3.8
18	9.5	6.9	4.2	6.4	7.0	6.8	6.8	7.2	6.9	6.2	5.0
19	12.5	9.3	6.1	9.1	9.6	9.4	10.0	9.2	8.5	9.2	7.9
20	6.4	4.6	2.9	5.0	5.6	5.4	5.4	5.6	5.0	3.2	3.6
21	14.4	10.4	6.3	9.3	8.9	8.8	8.7	7.6	7.8	7.4	7.1
22	8.3	6.1	3.9	9.0	9.1	8.2	5.2	9.1	6.4	4.0	4.8
STATE	**10.1**	**8.9**	**7.6**	**7.7**	**8.2**	**7.9**	**7.7**	**7.4**	**6.7**	**6.5**	**5.8**

The overall statewide detention rate has decreased from 10.1 per 10,000 in FY 2001-02 to 5.8 in FY 2011-12. Several Judicial Districts have achieved a high degree of success in reducing their rate of detention. Examples include:

District	County	Rate Decrease	%Decrease
1st Judicial District	Jefferson, Gilpin	8.2 to 5.8	-29.3%
2nd Judicial District	Denver	17.2 to 8.2	-52.3%
10th Judicial District	Pueblo	17.9 to 6.2	-65.4%
18th Judicial District:	Arapahoe, Elbert, Douglas, Lincoln	9.5 to 5.0	-47.4%
21st Judicial District	Mesa	14.4 to 7.1	-50.7%

The table below provides data on the reasons for youth admission into detention. This table is also taken directly from the annual Senate Bill 94 Evaluation Report, Table 2, page 10.

Table 2. Detention Reasons for Secure Detention Admissions by JD

Secure Detention: Proportion of Reason Detained by JD						
JD	Preadjudicated	Sentence to Probation	Detention Sentence	Warrants/ Remands	Other	DYC Committed
1	27.8	0.3	23.9	48.0	0.0	0.0
2	51.3	1.0	0.0	46.5	1.1	0.1
3	55.6	22.2	13.9	8.3	0.0	0.0
4	31.5	0.1	12.3	55.8	0.2	0.1
5	46.5	0.0	9.3	44.2	0.0	0.0
6	55.4	5.4	12.5	26.7	0.0	0.0
7	57.0	5.1	24.1	12.6	0.0	1.2
8	32.5	0.5	5.7	60.6	0.5	0.2
9	52.7	5.4	12.2	29.7	0.0	0.0
10	29.9	0.6	17.0	51.4	1.1	0.0
11	32.0	4.9	35.9	26.7	0.5	0.0
12	43.9	0.0	30.3	24.3	1.5	0.0
13	100.0	0.0	0.0	0.0	0.0	0.0
14	75.0	12.5	0.0	0.0	12.5	0.0
15	41.8	4.7	7.0	44.2	2.3	0.0
16	23.2	0.0	35.7	39.3	1.8	0.0
17	35.4	5.3	0.3	59.0	0.0	0.0
18	38.5	0.0	13.1	48.0	0.3	0.1
19	37.0	0.0	10.1	49.3	3.6	0.0
20	0.3	0.0	99.3	0.4	0.0	0.0
21	46.6	0.0	11.5	41.9	0.0	0.0
22	58.7	14.7	17.6	8.8	0.0	0.0
State	37.5	1.1	15.2	45.4	0.7	0.1

24. For youth identified as admitted to detention for warrants or remands, is this the equivalent of incarceration for a technical violation? What strategies should be implemented to reduce use of secure detention for “technical violations”, truancy, and other reasons that are contrary to best practice? Should bed allocations be reduced (or borrowing from other districts limited) when judicial districts appear to be misusing beds?

Response:
Colorado does not have a formal definition of best practice for detention use. Pursuant to State Statutes, judges have a great deal of discretion in the use of detention beds. There is no evidence to support the contention that utilizing detention for probation technical violators is contrary to best practice. For the most part, the utilization of detention for probation technical violators is intended as a sanction, after community interventions have failed to change a youth’s behavior, which at times can be dangerous and violent. Examples of such intermediate interventions include but are not limited to: electronic home monitoring, substance abuse counseling and urinalysis, curfews, and anger management treatment. Should the General Assembly choose to define specific allowable uses of detention, change to current statute would need to occur.

25. Please respond to the letter from the JBC requesting that you contact judicial districts and ask them, in collaboration with county departments of human services and other partners, to submit proposals for reducing detention beds and capping commitment beds in return for funding for placement alternatives.

Response:

The above-mentioned letter requests that the Department contact local judicial districts asking for proposals that would:

1. **Incorporate a specific reduction in a district’s 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.**

Additionally, the Joint Budget Committee is requesting the Department explore whether judicial districts are interested in capping commitment bed placements.

The Department has engaged districts in the type of discussion proposed by the JBC during the past summer and early fall. The purpose of these focus groups was

1. **To better understand local perspectives on the underlying causes of the drop in juvenile arrests, court filings, new probation intakes and new commitments; and,**
2. **To seek local perspectives on reductions in detention capacity.**

Fourteen focus groups were held throughout the State. Attendees included judges, magistrates, deputy district attorneys, public defenders, law enforcement officials,

diversion staff, county departments of human services, private service providers, school officials and staff from community mental health centers.

The major theme emerging from these meetings was that most districts believed they could accommodate some reduction in detention capacity, but only if their current SB 94 funding was maintained to enable communities to effectively manage the detention population and provide supervision and services to youth on SB 94 caseloads in the community. Districts did not express a need for more resources to manage a decrease in the use of detention.

The recommendation to further reduce detention capacity aligns with the decrease in detention use over the past fiscal year following the reduction of the cap in 2011. In essence, the FY 2011-2012 measures of detention bed use indicate that districts have already achieved a further reduction in their bed allocations. As has been stated in the Department's response to question 20, the CDHS Supplemental Request will address a re-alignment in Division of Youth Corrections' State-operated capacity, including both commitment and detention capacity. Based upon the on-going reductions in detention use over the past several fiscal years, it would appear that districts are appropriately utilizing the current array of community-based alternatives that exist through Senate Bill 94 to effectively manage their use of secure detention. The Department will continue to work closely with judicial districts and the Senate Bill 94 Advisory Board to evaluate and plan for future capacity needs.

The Department does not believe that capping commitment beds in exchange for funding placement options provides benefit to local communities or the juvenile justice system. A commitment cap does not appear to be necessary, as a dramatic decline has occurred over the past five years without the use of an artificially imposed cap. All indications point to a continued decline in the number of youth committed to DYC in the near future. In addition to falling commitments, the DYC system is producing excellent outcomes for committed youth, as demonstrated by the decline in post-discharge recidivism reported in the Department's FY 2010-11 Annual Recidivism Report to the General Assembly. Finally, many Colorado communities are currently addressing this issue in a manner that aligns with best practice. House Bill 1451 Collaborative Management Programs are working with youth and families who are multi-system involved (e.g. probation, human services, mental health, and domestic violence) and are candidates for commitment. These projects are utilizing individualized, evidence-based programs to filter youth out of the juvenile justice system, while ensuring that only those youth who demonstrate the highest risk and who have not responded to intervention efforts are committed to the Department.

26. What is the range of savings that might be available to judicial districts as a result of reducing the number of detention beds?

Response:
The response to this question will be included in the Department's FY 2012-13 Supplemental Request that will be submitted later this month.

11:15-11:45 DIVISION OF CHILD CARE

Child Care Licensing, Child Care Costs, and Early Childhood Councils

27. Please discuss early childhood councils. What are the benefits of the councils? How much funding was taken from them during the recession? Should that money be put back? Would that be a better use of federal block grant funds than the requested CCCAP provider rate increase? Will the Councils receive increases from Race to the Top funds?

Response:

In 1997, Senate Bill 97-174 created t 12 Community Consolidated Child Care Pilots. The pilots blended various funding streams into a concerted effort to assist licensed providers overcome barriers to providing quality care to families. In 1999, six additional pilots were added with Senate Bill 99-226, which also appropriated $470,000 to carry out the legislation. In 2000, the consolidation of child care services was further advanced with Senate Bill 00-019, which appropriated an additional $1,028,930 for the pilots.

In 2007, the existing pilot programs were replaced by House Bill 07-1062, renamed the Early Childhood Councils, and expanded from 18 to 30 Councils. The Department was appropriated $2,044,337 under the 2007 Act. This legislation charged the Early Childhood (EC) Councils with several tasks including: consolidation of state, local and federal funding sources to create a seamless early childhood system of care, and ensuring collaboration among public and private stakeholders. In 2012, the 31st Early Childhood Council was created.

The Early Childhood Councils are a valued mechanism available to local communities for building effective early childhood systems across the four domains of early childhood: health, mental health, family support, and early care and learning. The Councils have 887 active members from each of the four domains who together make decisions about how to improve the availability, accessibility, capacity and quality of services locally. These collaborative partners develop a structure for self-governance, collaborative communication, strategic planning, evaluation, resource development, and fiscal management.

Some examples of Early Childhood Council initiatives include:

- **Professional Development - During SFY2011, 26 Councils offered Expanding Quality for Infants and Toddlers ("EQUIT) trainings. In addition, many Councils also utilized School Readiness Quality Improvement ("SRQIP") funds to provide coaching to early learning professionals at individual sites.**

- **Quality Improvement - Typically, this takes the form of coaching providers through the quality ratings or accreditation process, providing mini-grants for quality ratings, and promoting the use of common early learning standards.**

- **Parent Education - Councils increase awareness about early childhood issues and services, and link families to available support services in their community.**

While Early Childhood Councils generally rely upon state, local, and federal funding, Councils have begun to build and broaden diversified investments in early childhood by leveraging funds and resources from philanthropic and business partners.

How much funding was taken from them during the recession?

Response:

The funding to the Early Childhood Councils was reduced by $1,006,884 between SFY 2010 to SFY 2012. This was a part of a series of budget cuts due to the economic recession that were made across state government.

Should that money be put back?

Response:

The Department believes that restoring funding to Early Childhood Councils in this fiscal year may be premature. In 2012, the Department created a new Office of Early Childhood and is beginning to implement a variety of new strategic initiatives. We know that local Early Childhood Councils must be a critical part of this new direction. As the state economy improves and the Office of Early Childhood becomes fully operational, recommendations for new state investments in Early Childhood Councils are anticipated. These investments will enable laser focused on direct efforts to help parents get their kids ready for school.

Would that be a better use of federal block grant funds than the requested CCCAP provider rate increase?

Response:

No, because the Department has a goal of providing the highest possible quality early care and learning environments to CCCAP eligible, high needs families. Increasing provider rates enables the early care and learning facilities to invest in the tools of quality, materials and staff training.

Will the Councils receive increases from Race to the Top funds?

Response:

Yes, the funding to support the Early Childhood Councils is $5,450,000 over four years, which is 18% of the total Race to the Top Early Learning Challenge Grant award. Up to 10% of these grant awards can be used for administrative costs.

28. Child care providers report that the cost of child care in Colorado is the highest in the nation. What is driving the extremely high cost of child care?

Response:

The ranking of child care costs in Colorado and nationally is attributable to a single annual report published by Child Care Aware®, formerly the National Association of Child Care Resource and Referral Agencies (NACCRRA). While Colorado has been found to rank among the most expensive states for full-time child care center based infant and four-year-old care, the same study also concludes that Colorado's child care costs are not linked to state regulation and oversight. Rather, Colorado's child care costs appear to be market driven. The Department is interested in partnering with the provider community to better study why child care costs are so high in light of contradictory factors, such as Colorado being ranked 43rd in the country in state regulated oversight of licensed facilities, being ranked 35th in the nation for cost of living, and presently only 11% of children in licensed care are provided a CCCAP subsidy; a subsidy that is well below the current market rate.

29. Licensed child care providers claim there are unlicensed providers who are not being regulated and are actively advertising on the web. Does the Department need to reallocate resources to find these unlicensed providers?

Response:

The Department responds to all complaints of unlicensed care when an address is provided. The Department's goal is to work with unlicensed providers to help them apply for and obtain a license. Our licensing specialists work as mentors and coaches through this process. Over the past five years the Department has received 326 complaints of unlicensed care. Of the 326 investigations, 188 (57%) unlicensed providers ultimately became licensed. The remainder ceased providing unlicensed care. Interestingly, of the 326 violations for unlicensed care, 138 (42%) of the providers had been licensed at one time, but were not licensed at the time of the complaint.

The Department is aware of what appears to be substantial advertisement for unlicensed care on the Internet. The primary example is www.craigslist.com. An individual may conduct a search on the www.craigslist.com website for child care by region, for Fort Collins, Denver, and Colorado Springs. In each of these regions, as many as 100 daily postings advertising child care can be found. Some listings include information that the provider is licensed, though most do not.

The Department's ability to reallocate existing resources to address the issue of investigating and acting on allegations of unlicensed care advertised via the Internet is negatively affected by the very high caseload every licensing specialist currently carries. Presently, licensing specialists have a caseload of 346 facilities per licensing specialist, which results in the vast majority of licensed child care providers being visited every two years. The national recommended standard is one (1) licensing specialist for every fifty (50) licensed facilities, with the specialist visiting each licensed facility twice per year.

Another issue affecting investigation of unlicensed care via the Internet is that, generally, advertisements on www.craigslist.com do not contain the physical address of a provider. The Department always reveals its identity when communicating with the public. This self-identification greatly diminishes the likelihood of an unlicensed provider offering their physical location to the Department when conducting an investigation of internet-based child care advertising.

<u>Colorado Child Care Assistance Program/Division of Child Care Update</u>

30. Explain the drivers behind county under-expenditure of the Colorado Child Care Assistance Program (CCCAP) child care subsidy program. How do county commissioner decisions drive spending? Is the fear of losing federal money driving increased federal block grant reserves or placing more barriers on services?

Response:

The Department believes that the dynamics of the ever changing economy led the counties to make judicious and conservative CCCAP budget estimates resulting in carry forward balances. Counties have the authority to determine eligibility and set reimbursement rates for CCCAP. Many drivers affected decisions by County Directors in their administration of the CCCAP program, such as:

- **Great uncertainty in the economy,**
- **Increasing numbers of families were eligible for child care subsidies,**
- **TANF reserves were diminishing,**
- **TANF supplemental was not reauthorized, and**
- **The American Recovery and Reinvestment Act funding ended.**

Lastly, the Department is uncertain if sequestration is a factor affecting County decisions, as the reduction to the federal Child Care Development Block Grant under sequestration would be about 4% of Colorado's overall block grant.

31. Will a provider rate increase for CCCAP actually result in rate increases for providers, given that counties set reimbursement levels?

    Response:

    Under existing law, a provider rate increase for CCCAP may, or may not, result in rate increases for providers as individual counties determine provider rates.

32. In light of the unexpected reversion of federal block grant funds to the Child Care Development Funds (CCDF) state reserve in FY 2011-12, is the State at risk of reverting any CCDF funds to federal authorities?

    Response:

    Historically, the state has not reverted any CCDF funds to the Federal government. All unspent CCDF monies remain available and will be expended within the allowable period for FFY 2012 and FFY 2013 grant awards.

11:45-12:00 GENERAL – SAO AUDIT RECOMMENDATIONS NOT ACCEPTED

33. Please review the list of State Auditor's Office recommendations not accepted by the Department. Does the Department still disagree with all of these recommendations or has it reconsidered its position on any of these items?

    Response:

    No, the Department has not reconsidered any of its positions on the State Auditor's recommendations. The attached document provides details about the Department's position on each of the audit recommendations.

All Financial Recommendations with which the Department of Human Services Has Disagreed Fiscal Year 2007 through Fiscal Year 2011							
Department	**Audit Report Name**	**Date Report Released by LAC**	**Rec #**	**Sub-Category**	**Recommendation Text**	**Agency Response**	**Agency Comments from Status Report**
Human Services	Statewide Single Audit, Fiscal Year Ended June 30, 2007	February 2008	1901-103B	Grant Management - Management of Grant Monies	The Department of Human Services should improve information for evaluating county administrative and case management costs in the child welfare allocation model by: b. Using the improved cost information to analyze administrative and case management costs in the program services cost driver and considering allocating funds for administrative and case management costs in the child welfare allocation model separately.	Disagree	b. Disagree. The child welfare services appropriation provides blocked funding to county departments of social services. Counties are provided a capped allocation that can be spent without categorical restriction. Counties are allowed to spend flexibly within their block allocation. This flexibility allows counties to design services and programs to the specific needs of their community. This recommendation proposes to take away that flexibility and there is no statutory authority for imposing such restriction. The Department supports the use of flexible funding so that decisions regarding the best means of providing for child welfare service provision can be made at the local level. The Department supports the benefits that this flexible funding provides, allowing counties to implement innovative practice changes that are aimed at achieving better outcomes for children involved in the child welfare system. Disagree - The Department continues to disagree with the recommendation, but is working with Colorado Counties and a national expert in child welfare funding to improve the allocation methodology. The review of the merits of an alternative allocation should be completed by April 2013.

All Financial Recommendations with which the Department of Human Services Has Disagreed Fiscal Year 2007 through Fiscal Year 2011							
Department	**Audit Report Name**	**Date Report Released by LAC**	**Rec #**	**Sub-Category**	**Recommendation Text**	**Agency Response**	**Agency Comments from Status Report**
Human Services	Statewide Single Audit, Fiscal Year Ended June 30, 2007	February 2008	1901-85A	Grant Management - Adherence to Standardized Grant Policies & Procedures	The Department of Human Services should ensure it has adequate management tools to monitor for compliance with federal requirements for the Temporary Assistance for Needy Families program by: a. Developing a reporting function for extracting and compiling information contained within the Colorado Benefits Management System (CBMS) for Income, Eligibility and Verification System; sanctions; and accounting-related data.	Disagree	a. Disagree. The Department contends that it has developed and utilizes reports necessary to monitor for compliance with federal requirements. Colorado is in full compliance with all of its federal data reporting requirements under TANF through its quarterly data submission. The Program does not have the need to develop additional critical reports to ensure adequate monitoring of counties. However, the Department will address the underlying issues in a similar fashion, as stated in our response to Recommendation No. 83 concerning IEVS, by utilizing existing reports within Business Objects with an inclusion of a monthly sampling and review of sanctioned cases to further enhance its county oversight in this area. The Department understands the importance of management tools and the Program will continue to develop management reports as needed. Disagree - The Department continues to disagree with the recommendation; Colorado Works will continue to provide oversight and technical assistance to assure counties are in substantial compliance with program requirements. Additional staff training and practice standards will be provided for workers to include efforts targeted to supervisors and trainers. CBMS change requests are being proposed to revise IEVS reports for more clarity and usability.

All Financial Recommendations with which the Department of Human Services Has Disagreed Fiscal Year 2007 through Fiscal Year 2011							
Department	**Audit Report Name**	**Date Report Released by LAC**	**Rec #**	**Sub-Category**	**Recommendation Text**	**Agency Response**	**Agency Comments from Status Report**
Human Services	Statewide Single Audit, Fiscal Year Ended June 30, 2007	February 2008	1901-85B	Grant Management - Adherence to Standardized Grant Policies & Procedures	The Department of Human Services should ensure it has adequate management tools to monitor for compliance with federal requirements for the Temporary Assistance for Needy Families program by: b. Reviewing reports monthly to identify discrepancies, monitor for federal compliance, and take appropriate action.	Disagree	b. Disagree The Department contends that it has developed and utilizes reports necessary to monitor for compliance with federal requirements. Colorado is in full compliance with all of its federal data reporting requirements under TANF through its quarterly data submission. The Program does not have the need to develop additional critical reports to ensure adequate monitoring of counties. However, the Department will address the underlying issues in a similar fashion, as stated in our response to Recommendation No. 83 concerning IEVS, by utilizing existing reports within Business Objects with an inclusion of a monthly sampling and review of sanctioned cases to further enhance its county oversight in this area. The Department understands the importance of management tools and the Program will continue to develop management reports as needed. Disagree - The Department continues to disagree with the recommendation; the Department continues to provide oversight and monitoring. The tier case review and county management evaluation processes are being revised to strengthen program compliance. Additional reports have been developed to assist counties to manage timeliness, accuracy, and other areas of program compliance.
Human Services	Statewide Single Audit, Fiscal Year Ended June 30, 2009	February 2010	1994-114C	Grant Management - Oversight of Grant Expenditures	The Department of Human Services should improve its oversight of Title IV-E child welfare funds by: c. Including appropriate reimbursements to the Ute Mountain Ute Tribe in the Department's federal Title IV-E reimbursement claims to the federal government.	Disagree	c. Disagree Because of the potential negative fiscal impact to the State, the Department is not in a position to support adding the tribes to the federal Title IV-E claim. If the Department is found out of compliance during a federal Title IV-E Audit, the percentage driven by the cases found to be out of compliance is applied to the Title IV-E claim as a penalty to the State. Disagree - The Department continues to disagree with the recommendation; the Department has worked with the Ute Mountain Ute Tribe on the reimbursement process and Title IV-E reimbursement. The Ute Mountain Ute is a sovereign nation with its own federal protocols; its accounting and programmatic controls are not comparable to those utilized by County Departments.

All Financial Recommendations with which the Department of Human Services Has Disagreed Fiscal Year 2007 through Fiscal Year 2011							
Department	**Audit Report Name**	**Date Report Released by LAC**	**Rec #**	**Sub-Category**	**Recommendation Text**	**Agency Response**	**Agency Comments from Status Report**
Human Services	Statewide Single Audit, Fiscal Year Ended June 30, 2009	February 2010	1994-117E	Grant Management - Oversight of Grant Expenditures	The Department of Human Services should improve controls over administrative foster care funds expended by child placement agencies (CPAs) by: e. Including examples of unallowable costs in regulations. The Department should ensure that loans and advance payments to foster parents and rebates to county departments to encourage placements are cited as examples of unallowed costs.	Disagree	e. Disagree The Division of Child Care, with the recommendation of the Audit Division, does not agree with the listing of examples in the CPA's Rules and Regulations. Disagree - The Department continues to disagree with the recommendation; an exhaustive list is problematic as it would make it difficult for the Department to address any unique unallowable expenditures that were not identified in the rule. The Audit Division does provide ongoing allowable and unallowable costs training to CPAs.
Human Services	American Recovery and Reinvestment Act of 2009, Single Audit Internal Control Pilot Project, Phase 2, Financial Audit, Fiscal Year Ended June 30, 2010	December 2010	2138-11A	Grant Management - Recipient & Sub-Recipient Monitoring	The Department of Human Services should improve controls over administrative foster care funds expended by child placement agencies (CPAs) by: a. Evaluating the substance of the relationship between counties and CPAs based on OMB Circular A-133 criteria and concluding whether CPAs should be considered vendors or subrecipients. The evaluation should include a detailed analysis of how CPAs do or do not meet the criteria of being a vendor or a subrecipient.	Disagree	a. Disagree The Department disagrees with the recommendation. The Department evaluated this relationship and determined that CPAs are to be considered vendors. Since this evaluation has already occurred the Department stands by the original response. Disagree - The Department continues to disagree with this finding and recommendation; the Department has concluded that while the CPAs have some characteristics of a sub-recipient, when reviewing the operation in total, CPAs are not sub-recipients. Through the licensing and monitoring process, CPA finances are reviewed and ongoing collaboration between licensing and monitoring staff, the Audit Division, and County Departments occurs.

All Financial Recommendations with which the Department of Human Services Has Disagreed Fiscal Year 2007 through Fiscal Year 2011							
Department	**Audit Report Name**	**Date Report Released by LAC**	**Rec #**	**Sub-Category**	**Recommendation Text**	**Agency Response**	**Agency Comments from Status Report**
Human Services	American Recovery and Reinvestment Act of 2009, Single Audit Internal Control Pilot Project, Phase 2, Financial Audit, Fiscal Year Ended June 30, 2010	December 2010	2138-11B	Grant Management - Recipient & Sub-Recipient Monitoring	The Department of Human Services should improve controls over administrative foster care funds expended by child placement agencies (CPAs) by: b. Implementing requirements for audits of CPAs in accordance with the determination suggested in part (a) of the recommendation. If the Department concludes that CPAs are subrecipients, it should develop a process to identify those CPAs with annual expenditures of federal funds of $500,000 or more and notify those CPAs that they must submit OMB Circular A-133 audits each year.	Disagree	b. Disagree The Department disagrees with the recommendation. Since the Department has determined that CPAs are not subrecipients these audit requirements do not apply. Disagree - The Department continues to disagree with this finding and recommendation; the Department has concluded that while the CPAs have some characteristics of a sub-recipient, when reviewing the operation in total, CPAs are not sub-recipients. Through the licensing and monitoring process, CPA finances are reviewed and ongoing collaboration between licensing and monitoring staff, the Audit Division, and County Departments occurs.
Human Services	American Recovery and Reinvestment Act of 2009, Single Audit Internal Control Pilot Project, Phase 2, Financial Audit, Fiscal Year Ended June 30, 2010	December 2010	2138-11C	Grant Management - Recipient & Sub-Recipient Monitoring	The Department of Human Services should improve controls over administrative foster care funds expended by child placement agencies (CPAs) by: c. Establishing procedures to review the CPA audits and follow up on any findings identified.	Disagree	c. Disagree The Department disagrees with the recommendation. Since the Department has determined that CPAs are not subrecipients these audit requirements do not apply. Disagree - The Department continues to disagree with this finding and recommendation; the Department has concluded that while the CPAs have some characteristics of a sub-recipient, when reviewing the operation in total, CPAs are not sub-recipients. Through the licensing and monitoring process, CPA finances are reviewed and ongoing collaboration between licensing and monitoring staff, the Audit Division, and County Departments occurs.

All Financial Recommendations with which the Department of Human Services Has Disagreed Fiscal Year 2007 through Fiscal Year 2011							
Department	**Audit Report Name**	**Date Report Released by LAC**	**Rec #**	**Sub-Category**	**Recommendation Text**	**Agency Response**	**Agency Comments from Status Report**
Human Services	American Recovery and Reinvestment Act of 2009, Single Audit Internal Control Pilot Project, Phase 2, Financial Audit, Fiscal Year Ended June 30, 2010	December 2010	2138-11D	GM -- Oversight of Grant Expenditures	The Department of Human Services should improve controls over administrative foster care funds expended by child placement agencies (CPAs) by: d. Evaluating options for reviewing the allowability and appropriateness of CPA expenditures made with child welfare funds.	Disagree	d. Disagree The Department disagrees with the recommendation. Since the Department has determined that CPAs are not subrecipients these audit requirements do not apply. Disagree - The Department continues to disagree with this finding and recommendation; the Department has concluded that while the CPAs have some characteristics of a sub-recipient, when reviewing the operation in total, CPAs are not sub-recipients. Through the licensing and monitoring process, CPA finances are reviewed and ongoing collaboration between licensing and monitoring staff, the Audit Division, and County Departments occurs.

All Financial Recommendations with which the Department of Human Services Has Disagreed Fiscal Year 2007 through Fiscal Year 2011							
Department	**Audit Report Name**	**Date Report Released by LAC**	**Rec #**	**Sub-Category**	**Recommendation Text**	**Agency Response**	**Agency Comments from Status Report**
Human Services	American Recovery and Reinvestment Act of 2009, Single Audit Internal Control Pilot Project, Phase 2, Financial Audit, Fiscal Year Ended June 30, 2010	December 2010	2138-9A	Grant Management - Oversight of Grant Expenditures	The Department of Human Services should ensure that county departments of human/social services pay foster care rates that reflect the foster child's level of care and service needs by: a. Continuing to work with counties to develop and implement a validated, statewide level-of-care assessment tool.	Disagree	a. Disagree The Department disagrees with the recommendation. The original response in September 2007 partially agreed, if the Department had resources available. The Department looked at national level of care tools, and it is not feasible to adapt them to Colorado's system. The Department does not have resources available to validate existing tools. There already is a process in place for counties to assess the level of care of children. Pursuant to Section 26-5-104 (2)(a) C.R.S., "a county shall be authorized to negotiate rates, services, and outcomes with providers if the county has a request for proposal process in effect for soliciting bids from providers or another mechanism for evaluating the rates, services and outcomes that it is negotiating with such providers that is acceptable to the state department." If a county chooses not to negotiate with providers, then the county is required to pay the base anchor rates in the State Automated Child Welfare Information System, Trails. The counties that negotiate rates, services, and outcomes with providers utilize a Needs Based Care tool to evaluate a child's needs when placed with a provider. In the event that the State validated a level of care assessment tool for all counties to use, that would negate the intention of the statute authorizing counties to negotiate with providers. Disagree - The Department continues to disagree with this recommendation. A validated tool is not available and counties have the authority to negotiate rates and services, as indicated in the statute cited above.

All Financial Recommendations with which the Department of Human Services Has Disagreed Fiscal Year 2007 through Fiscal Year 2011							
Department	**Audit Report Name**	**Date Report Released by LAC**	**Rec #**	**Sub-Category**	**Recommendation Text**	**Agency Response**	**Agency Comments from Status Report**
Human Services	American Recovery and Reinvestment Act of 2009, Single Audit Internal Control Pilot Project, Phase 2, Financial Audit, Fiscal Year Ended June 30, 2010	December 2010	2138-9B	31	The Department of Human Services should ensure that county departments of human/social services pay foster care rates that reflect the foster child's level of care and service needs by: b. Updating the Trails system to include fields for recording the child's level of care and requiring counties to include this information in Trails whenever they enter new provider rates.	Disagree	b. Disagree The Department disagrees with the recommendation. The original response in September 2007 partially agreed, if the Department had resources available. The Department looked at national level of care tools, and it is not feasible to adapt them to Colorado's system. The Department does not have resources available to validate existing tools. There already is a process in place for counties to assess the level of care of children. Pursuant to Section 26-5-104 (2)(a) C.R.S., "a county shall be authorized to negotiate rates, services, and outcomes with providers if the county has a request for proposal process in effect for soliciting bids from providers or another mechanism for evaluating the rates, services and outcomes that it is negotiating with such providers that is acceptable to the state department." If a county chooses not to negotiate with providers, then the county is required to pay the base anchor rates in the State Automated Child Welfare Information System, Trails. The counties that negotiate rates, services, and outcomes with providers utilize a Needs Based Care tool to evaluate a child's needs when placed with a provider. In the event that the State validated a level of care assessment tool for all counties to use, that would negate the intention of the statute authorizing counties to negotiate with providers. Disagree - Though the Department disagrees with the finding and recommendation, in January 2011 the Department began conducting a quarterly sampling of contracts (SS23-A & SS23-B) between counties and providers to ensure the rate in the contract is the correct rate being paid through the automated case management system, Trails. Client Needs Based Care assessment tools are requested and used to verify accurate negotiations as part of this review.

All Financial Recommendations with which the Department of Human Services Has Disagreed Fiscal Year 2007 through Fiscal Year 2011							
Department	**Audit Report Name**	**Date Report Released by LAC**	**Rec #**	**Sub-Category**	**Recommendation Text**	**Agency Response**	**Agency Comments from Status Report**
Human Services	American Recovery and Reinvestment Act of 2009, Single Audit Internal Control Pilot Project, Phase 2, Financial Audit, Fiscal Year Ended June 30, 2010	December 2010	2138-9C	GM -- Recipient & Sub-Recipient Monitoring	The Department of Human Services should ensure that county departments of human/social services pay foster care rates that reflect the foster child's level of care and service needs by: c. Conducting periodic file reviews at counties and analysis of actual rates paid by counties to ensure they are using level-of-care tools to assist with setting and negotiating appropriate foster care rates.	Disagree	c. Disagree The Department disagrees with the recommendation. The original response in September 2007 partially agreed, if the Department had resources available. The Department looked at national level of care tools, and it is not feasible to adapt them to Colorado's system. The Department does not have resources available to validate existing tools. There already is a process in place for counties to assess the level of care of children. Pursuant to Section 26-5-104 (2)(a) C.R.S., "a county shall be authorized to negotiate rates, services, and outcomes with providers if the county has a request for proposal process in effect for soliciting bids from providers or another mechanism for evaluating the rates, services and outcomes that it is negotiating with such providers that is acceptable to the state department." If a county chooses not to negotiate with providers, then the county is required to pay the base anchor rates in the State Automated Child Welfare Information System, Trails. The counties that negotiate rates, services, and outcomes with providers utilize a Needs Based Care tool to evaluate a child's needs when placed with a provider. In the event that the State validated a level of care assessment tool for all counties to use, that would negate the intention of the statute authorizing counties to negotiate with providers. Disagree - Though the Department disagrees with the finding and recommendation, in January 2011 the Department began conducting a quarterly sampling of contracts (SS23-A & SS23-B) between counties and providers to ensure the rate in the contract is the correct rate being paid through the automated case management system, Trails. Client Needs Based Care assessment tools are requested and used to verify accurate negotiations as part of this review.

All Financial Recommendations with which the Department of Human Services Has Disagreed Fiscal Year 2007 through Fiscal Year 2011							
Department	**Audit Report Name**	**Date Report Released by LAC**	**Rec #**	**Sub-Category**	**Recommendation Text**	**Agency Response**	**Agency Comments from Status Report**
Human Services	State of Colorado Statewide Single Audit, Fiscal Year Ended June 30, 2010	February 2011	2071-87A	Grant Management - Recipient & Sub-Recipient Monitoring	The Department of Human Services should ensure that county departments of human/social services pay foster care rates that reflect the foster child's level-of-care and service needs by: a. Continuing to work with counties to develop and implement a validated, statewide level-of-care assessment tool.	Disagree	a. Disagree The Department disagrees with the recommendation. The original response in September 2007 partially agreed, if the Department had resources available. The Department looked at national level-of-care tools, and it is not feasible to adapt them to Colorado's system. The Department does not have resources available to validate existing tools. There already is a process in place for counties to assess the level of care of children. Pursuant to Section 26-5-104 (2)(a) C.R.S., "a county shall be authorized to negotiate rates, services, and outcomes with providers if the county has a request for proposal process in effect for soliciting bids from providers or another mechanism for evaluating the rates, services and outcomes that it is negotiating with such providers that is acceptable to the state department." If a county chooses not to negotiate with providers, then the county is required to pay the base anchor rates in the State Automated Child Welfare Information System, Trails. The counties that negotiate rates, services, and outcomes with providers utilize a Needs Based Care tool to evaluate a child's needs when placed with a provider. In the event that the State validated a level-of-care assessment tool for all counties to use, that would negate the intention of the statute authorizing counties to negotiate with providers. Disagree - The Department continues to disagree with this finding and recommendation; this is the same as 2138-9A. A validated tool is not available and counties have the authority to negotiate rates and services, as indicated in the statute cited above.

All Financial Recommendations with which the Department of Human Services Has Disagreed Fiscal Year 2007 through Fiscal Year 2011							
Department	**Audit Report Name**	**Date Report Released by LAC**	**Rec #**	**Sub-Category**	**Recommendation Text**	**Agency Response**	**Agency Comments from Status Report**
Human Services	State of Colorado Statewide Single Audit, Fiscal Year Ended June 30, 2010	February 2011	2071-87B	Oversight & Accountability - Program Administration	The Department of Human Services should ensure that county departments of human/social services pay foster care rates that reflect the foster child's level-of-care and service needs by: b. Updating the Trails system to include fields for recording the child's level of care and requiring counties to include this information in Trails whenever they enter new provider rates.	Disagree	b. Disagree The Department disagrees with the recommendation. The original response in September 2007 partially agreed, if the Department had resources available. The Department looked at national level of care tools, and it is not feasible to adapt them to Colorado's system. The Department does not have resources available to validate existing tools. There already is a process in place for counties to assess the level of care of children. Pursuant to Section 26-5-104 (2)(a) C.R.S., "a county shall be authorized to negotiate rates, services, and outcomes with providers if the county has a request for proposal process in effect for soliciting bids from providers or another mechanism for evaluating the rates, services and outcomes that it is negotiating with such providers that is acceptable to the state department." If a county chooses not to negotiate with providers, then the county is required to pay the base anchor rates in the State Automated Child Welfare Information System, Trails. The counties that negotiate rates, services, and outcomes with providers utilize a Needs Based Care tool to evaluate a child's needs when placed with a provider. In the event that the State validated a level of care assessment tool for all counties to use, that would negate the intention of the statute authorizing counties to negotiate with providers. Disagree - The Department continues to disagree with this finding and recommendation; this is the same as 2138-9B. Though the Department disagrees with the finding and recommendation, in January 2011 the Department began conducting a quarterly sampling of contracts (SS23-A & SS23-B) between counties and providers to ensure the rate in the contract is the correct rate being paid through the automated case management system, Trails. Client Needs Based Care assessment tools are requested and used to verify accurate negotiations as part of this review.

All Financial Recommendations with which the Department of Human Services Has Disagreed Fiscal Year 2007 through Fiscal Year 2011							
Department	**Audit Report Name**	**Date Report Released by LAC**	**Rec #**	**Sub-Category**	**Recommendation Text**	**Agency Response**	**Agency Comments from Status Report**
Human Services	State of Colorado Statewide Single Audit, Fiscal Year Ended June 30, 2010	February 2011	2071-87C	Grant Management - Recipient & Sub-Recipient Monitoring	The Department of Human Services should ensure that county departments of human/social services pay foster care rates that reflect the foster child's level-of-care and service needs by: c. Conducting periodic file reviews at counties and analysis of actual rates paid by counties to ensure they are using level-of-care tools to assist with setting and negotiating appropriate foster care rates.	Disagree	c. Disagree The Department disagrees with the recommendation. The original response in September 2007 partially agreed, if the Department had resources available. The Department looked at national level-of-care tools, and it is not feasible to adapt them to Colorado's system. The Department does not have resources available to validate existing tools. There already is a process in place for counties to assess the level of care of children. Pursuant to Section 26-5-104 (2)(a) C.R.S., "a county shall be authorized to negotiate rates, services, and outcomes with providers if the county has a request for proposal process in effect for soliciting bids from providers or another mechanism for evaluating the rates, services and outcomes that it is negotiating with such providers that is acceptable to the state department." If a county chooses not to negotiate with providers, then the county is required to pay the base anchor rates in the State Automated Child Welfare Information System, Trails. The counties that negotiate rates, services, and outcomes with providers utilize a Needs Based Care tool to evaluate a child's needs when placed with a provider. In the event that the State validated a level-of-care assessment tool for all counties to use, that would negate the intention of the statute authorizing counties to negotiate with providers. Disagree - The Department continues to disagree with this finding and recommendation; this is the same as 2138-9C. Though the Department disagrees with the finding and recommendation, in January 2011 the Department began conducting a quarterly sampling of contracts (SS23-A & SS23-B) between counties and providers to ensure the rate in the contract is the correct rate being paid through the automated case management system, Trails. Client Needs Based Care assessment tools are requested and used to verify accurate negotiations as part of this review.

All Financial Recommendations with which the Department of Human Services Has Disagreed Fiscal Year 2007 through Fiscal Year 2011							
Department	**Audit Report Name**	**Date Report Released by LAC**	**Rec #**	**Sub-Category**	**Recommendation Text**	**Agency Response**	**Agency Comments from Status Report**
Human Services	State of Colorado Statewide Single Audit, Fiscal Year Ended June 30, 2010	February 2011	2071-89A	Grant Management - Recipient & Sub-Recipient Monitoring	The Department of Human Services should improve controls over administrative foster care funds expended by child placement agency by: a. Evaluating the substance of the relationship between counties and CPAs based on the Office of Management and Budget (OMB) Circular A-133 criteria and concluding whether CPAs should be considered vendors or subrecipients. The evaluation should include a detailed analysis of how CPAs do or do not meet the criteria of being a vendor or a subrecipient.	Disagree	a. Disagree The Department disagrees with the recommendation. The Department evaluated this relationship and determined that CPAs are to be considered vendors. Since this evaluation has already occurred, the Department stands by the original response. Disagree - The Department continues to disagree with this finding and recommendation; this is the same as 2138-11A. The Department has concluded that while the CPAs have some characteristics of a sub-recipient, when reviewing the operation in total, CPAs are not sub-recipients. Through the licensing and monitoring process, CPA finances are reviewed and ongoing collaboration between licensing and monitoring staff, the Audit Division, and County Departments occurs.

All Financial Recommendations with which the Department of Human Services Has Disagreed Fiscal Year 2007 through Fiscal Year 2011							
Department	**Audit Report Name**	**Date Report Released by LAC**	**Rec #**	**Sub-Category**	**Recommendation Text**	**Agency Response**	**Agency Comments from Status Report**
Human Services	State of Colorado Statewide Single Audit, Fiscal Year Ended June 30, 2010	February 2011	2071-89B	Grant Management - Recipient & Sub-Recipient Monitoring	The Department of Human Services should improve controls over administrative foster care funds expended by child placement agencies (CPAs) by: b. Implementing requirements for audits of CPAs in accordance with the determination suggested in part (a) of the recommendation. If the Department concludes that CPAs are subrecipients, it should develop a process to identify those CPAs with annual expenditures of federal funds of $500,000 or more and notify those CPAs that they must submit OMB Circular A-133 audits each year.	Disagree	b. Disagree The Department disagrees with the recommendation. Since the Department has determined that CPAs are not subrecipients, these audit requirements do not apply. Disagree - The Department continues to disagree with this finding and recommendation; this is the same as 2138-11B. The Department has concluded that while the CPAs have some characteristics of a sub-recipient, when reviewing the operation in total, CPAs are not sub-recipients. Through the licensing and monitoring process, CPA finances are reviewed and ongoing collaboration between licensing and monitoring staff, the Audit Division, and County Departments occurs.
Human Services	State of Colorado Statewide Single Audit, Fiscal Year Ended June 30, 2010	February 2011	2071-89C	Grant Management - Recipient & Sub-Recipient Monitoring	The Department of Human Services should improve controls over administrative foster care funds expended by child placement agencies (CPAs) by: c. Establishing procedures to review the CPA audits and follow up on any findings identified.	Disagree	c. Disagree The Department disagrees with the recommendation. Since the Department has determined that CPAs are not subrecipients, these audit requirements do not apply. Disagree - The Department continues to disagree with this finding and recommendation; this is the same as 2138-11C. The Department has concluded that while the CPAs have some characteristics of a sub-recipient, when reviewing the operation in total, CPAs are not sub-recipients. Through the licensing and monitoring process, CPA finances are reviewed and ongoing collaboration between licensing and monitoring staff, the Audit Division, and County Departments occurs.

All Financial Recommendations with which the Department of Human Services Has Disagreed Fiscal Year 2007 through Fiscal Year 2011							
Department	**Audit Report Name**	**Date Report Released by LAC**	**Rec #**	**Sub-Category**	**Recommendation Text**	**Agency Response**	**Agency Comments from Status Report**
Human Services	State of Colorado Statewide Single Audit, Fiscal Year Ended June 30, 2010	February 2011	2071-89D	Grant Management - Recipient & Sub-Recipient Monitoring	The Department of Human Services should improve controls over administrative foster care funds expended by child placement agencies (CPAs) by: d. Evaluating options for reviewing the allowability and appropriateness of CPA expenditures made with child welfare funds.	Disagree	d. Disagree The Department disagrees with the recommendation. Since the Department has determined that CPAs are not subrecipients, these audit requirements do not apply. Disagree - The Department continues to disagree with this finding and recommendation; this is the same as 2138-11D. The Department has concluded that while the CPAs have some characteristics of a sub-recipient, when reviewing the operation in total, CPAs are not sub-recipients. Through the licensing and monitoring process, CPA finances are reviewed and ongoing collaboration between licensing and monitoring staff, the Audit Division, and County Departments occurs.
Human Services	State of Colorado Statewide Single Audit, Fiscal Year Ended June 30, 2010	February 2011	2071-90B	Grant Management - Oversight of Grant Expenditures	The Department of Human Services should ensure that child placement agencies (CPAs) pass along the correct child maintenance payments received from county departments of human/social services to foster parents by: b. Following up on identified over- or underpayments to foster parents to determine why the incorrect payments were made and to require that counties and CPAs to rectify all incorrect payments.	Disagree	b. Disagree The Department disagrees with the recommendation. The Division of Child Welfare Services has determined that it would not be cost effective to follow-up on the over/under payments made to foster parents identified during the 2007 audit. The Department has created procedures to ensure that these sorts of incorrect payments are identified and corrected going forward. Follow up will be in accordance with rule, Section 7.710.22,C,6 (12CCR 2509-8), “Upon receipt of adequate written notice that a county department or the State Department plans to recover or withhold unallowable or misused funds from a CPA, a CPA may file a written request for review of the decision with the State Department.” The current process is for the Division of Child Care (DCC) to notify both the CPA, as well as, the Division Child Welfare Services (DCWS) in order to correct any of these discrepancies or incorrect payments. DCWS will notify the County Departments while DCC is responsible for follow-up with the CPA that are licensed within their jurisdiction. Disagree - The Department continues to disagree with this recommendation; CPA expenditures are monitored by the 24-Hour Licensing and Monitoring team and ongoing collaboration between licensing staff, the Audit Division, and County Departments, as identified above, continues.

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Human Services	State of Colorado Statewide Single Audit, Fiscal Year Ended June 30, 2011	February 2012	2148-50	Grant Management - Oversight of Grant Expenditures	The Department of Human Services (the Department) should identify and implement methods for improving cost information used to evaluate county administrative and case management costs in the child welfare allocation model.	Disagree	Disagree. The Department does not agree that the allocation formula for child welfare is an appropriate way to identify these costs. There is no requirement that the allocation methodology, or formula, take into consideration either administrative or case management costs, and to conduct a workload study or incur any significant expense in order to isolate the two sub-cost centers, while perhaps providing information that the Department currently does not have, would certainly not need to be considered by the Child Welfare Allocations Committee. Since the Department was previously unable to find a proxy methodology to identify the two sub-cost centers, we are unable to implement this recommendation. Disagree - The Department still disagrees with this recommendation, but is working with Colorado Counties and a national expert in child welfare funding to improve the allocation methodology. The review of the merits of an alternative allocation should be completed by April 2013.
Human Services	State of Colorado Statewide Single Audit, Fiscal Year Ended June 30, 2011	February 2012	1994-140B	Grant Management - Oversight of Grant Expenditures	The Department of Human Services should improve information for evaluating county administrative and case management costs in the child welfare allocation model by: b. using the improved cost information to analyze administrative and case management costs in the program services cost driver and considering allocating funds for administrative and case management costs in the child welfare allocation model separately.	Disagree	b. Disagree No Comments. Disagree - The Department still disagrees with this recommendation but is working with Colorado Counties and a national expert in child welfare funding to improve the allocation methodology. The review of the merits of an alternative allocation should be completed by April 2013.