



**Colorado
Legislative
Council
Staff**

HB16-1383

**REVISED
FISCAL NOTE**

(replaces fiscal note dated April 4, 2016)

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 16-1071

Date: May 5, 2016

Prime Sponsor(s): Rep. Singer; Fields
Sen. Grantham

Bill Status: Senate Appropriations

Fiscal Analyst: Bill Zepernick (303-866-4777)

BILL TOPIC: CHILD WELFARE PREDICTIVE ANALYTIC PILOT PROGRAM

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018
State Revenue		
State Expenditures	\$864,306	\$74,004
General Fund	465,153	46,252
Federal Funds	399,153	27,752
Appropriation Required: \$864,306 - Multiple agencies (FY 2016-17).		
Future Year Impacts: Ongoing expenditure increase.		

Note: *The fiscal note has been revised to reflect amendments adopted in the House and to make a technical correction concerning the allotment of federal funds.*

Summary of Legislation

The **reengrossed** bill requires the Department of Human Services (DHS) to initiate a child welfare data analytic technology pilot program. The goal of the pilot program is to implement a state-of-the-art data analytics system to access, integrate, and analyze statewide data sources to calculate risk assessment scores for abuse and neglect for children in the child welfare system. The bill outlines the required functionality of the data analytics system. The DHS must convene a steering committee to help develop and release a request for proposal for the system by December 15, 2016. Prior to the steering committee, the Joint Technology Committee must meet to discuss the child welfare data project.

The DHS is required to report to the General Assembly quarterly on pilot program progress, spending, data sources, analytic results and accuracy, examples of case interventions, productivity improvements, and procedural changes or best practices identified through the pilot. At the conclusion of the pilot program and after review by an independent third-party evaluator, the DHS must provide a recommendation, plan, and cost estimate for statewide implementation of the pilot program. The pilot program is repealed January 1, 2018.

State Expenditures

The bill increases costs in the DHS by **\$864,306 in FY 2016-17 and \$74,004 in FY 2017-18**. These costs, paid with General Fund and federal funds, are summarized in Table 1 and discussed below. Costs will continue in FY 2018-19 and beyond if the data analytics system continues operating after the repeal of the pilot program, and additional costs could be incurred to implement enhancements and expand access to the system if the program shifts from a limited pilot program to a statewide program.

Table 1. Expenditures Under HB 16-1383		
Cost Components	FY 2016-17	FY 2017-18
Information Technology Costs	\$764,306	\$74,004
System Planning Vendor	100,000	0
<u>TOTAL</u>	<u>\$864,306</u>	<u>\$74,004</u>
General Fund	465,153	46,252
Federal Funds	399,153	27,752

Information technology costs. Costs in FY 2016-17 to create the data analytics system are estimated at \$764,306, split evenly between General Fund and federal funds. The work for this project will be managed by the Office of Information Technology and paid for with reappropriated funds from the DHS. Costs in FY 2016-17 include \$238,298 for contract programmers, \$144,000 for hardware expenses, and \$382,008 for other software and services. Costs in FY 2017-18 will be \$74,004 for software and system maintenance. The fiscal note assumes that this data analytics system will operate as a stand-alone tool in the child welfare data system (TRAILS). Given that the system is operating as part of a pilot program, it is assumed that a limited number of counties will have access to the system and that integration with other state data systems may be limited. Given the need for federal approval to use federal funds for the project and the planning requirements to design the system, it is assumed that work will not start until the second half of FY 2016-17 at the earliest.

System planning vendor. The DHS will have costs of \$100,000 in FY 2016-17 to contract with a vendor to lead the system planning and needs assessment process. These costs will be paid with General Fund and federal funds. It is assumed the vendor will be in place by September 2016. It is estimated that this cost will be paid with 83 percent General Fund and 17 percent federal funds.

Future costs. If the system continues operating after the repeal of the pilot project, ongoing system maintenance and software costs will continue in FY 2018-19 and beyond. In addition, further costs may be incurred to add system functionality, expand access to all counties, and improve interoperability with other state data systems if the pilot project is expanded statewide. It is assumed that funding for these potential costs will be requested through the annual budget process after the outcomes of the pilot project and recommendations for statewide expansion are known.

Other agency costs. If additional system integration or data sharing is required with other data systems not contemplated in this fiscal note, such as with those operated by the Judicial Department, law enforcement agencies, other units of government, or private sector data sources, then additional costs will be incurred. Exact costs will depend on the nature of the system

integration or data sharing mechanism. Given that this is a pilot project, the fiscal note assumes a more limited implementation. It is assumed that the DHS and OIT will request funding through the annual budget process if additional appropriations are required for this purpose.

Local Government Impact

The bill increases workload in county departments of human services in several ways. First, counties will likely be required to participate in the planning process for the data analytics system. Second, counties that participate in the pilot program will require training on how to use the system and incorporate the risk assessment tool into their child welfare case work. Third, counties will be required to provide feedback on the system, both in terms of its functionality and case outcomes and best practices. It is unknown how the availability of the system would impact the number of child welfare cases and the level of services provided in individual cases. To the extent the data analytics system is able to improve risk assessment by counties, resources and services could be more efficiently targeted to families in the child welfare system.

Technical Note

Given the time needed to seek federal approval for using federal funds for the project, procure a vendor, conduct system planning, and build the data analytics system, there may be little or no time for the data analytics system to actually be up and running prior to the January 1, 2018, repeal date of the pilot program. This may limit the ability of the DHS to evaluate the system and make recommendations for its expansion. In addition, the bill limits spending on the pilot program to \$500,000. The fiscal note estimate exceeds this amount when anticipated federal funding is included.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

For FY 2016-17, the bill requires an appropriation of \$864,306 to the Department of Human Services, of which \$465,153 is General Fund and \$399,153 is federal funds. Of this amount, \$764,306 is reappropriated to the Office of Information Technology.

State and Local Government Contacts

Counties
Judicial

Human Services
Legislative Council

Information Technology