



Legislative Council Staff
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Fiscal Note

Drafting Number: LLS 21-0831 **Date:** May 24, 2021
Prime Sponsors: Sen. Moreno **Bill Status:** Senate HHS
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Bill Topic: **CHILD WELFARE SERVICES ALLOCATION FORMULA**

Summary of Fiscal Impact:

| | |
|---|--|
| <input type="checkbox"/> State Revenue | <input type="checkbox"/> TABOR Refund |
| <input checked="" type="checkbox"/> State Expenditure | <input checked="" type="checkbox"/> Local Government |
| <input type="checkbox"/> State Transfer | <input type="checkbox"/> Statutory Public Entity |

This bill requires modifications to the allocation model for child welfare services funding, and creates new state reporting requirements. The bill increases state expenditures on an ongoing basis.

Appropriation Summary: For FY 2021-22, the bill includes an appropriation of \$250,000 to the Department of Human Services.

Fiscal Note Status: This fiscal note reflects the introduced bill.

Table 1
State Fiscal Impacts Under SB 21-277

| | | Budget Year FY 2021-22 | Out Year FY 2022-23 |
|---------------------|--------------|-----------------------------------|--------------------------------|
| Revenue | | - | - |
| Expenditures | General Fund | \$250,000 | - |
| Transfers | | - | - |
| TABOR Refund | | - | - |

Summary of Legislation

Currently, annual state funding allocations to counties for child welfare services, new child welfare staff, and family and children's programs are determined by a formula developed by the Department of Human Services (DHS) using input from the Child Welfare Allocations Committee. This bill modifies use of the current method through FY 2023-24, requires use of a new funding model for child welfare allocations beginning in FY 2024-25 and creates multiple new reporting requirements.

Modification of current funding method. By the end of 2021, the bill requires DHS to enter into an agreement with an outside entity to update and modify the funding model for FY 2022-23 through FY 2024-25, in accordance with recommendations made by the Child Welfare Allocations Committee. The entity must deliver the results of each year's model to the General Assembly, DHS and the Child Welfare Allocations Committee.

New funding model. Starting in FY 2024-25, the bill requires DHS to use a new funding model to determine county funding allocations for adoption and guardianship subsidies, the independent living program, as well as for child welfare services, new child welfare staff, and family and children's programs. These allocations must meet all state and federal requirements concerning comprehensive service delivery. On or before July 1, 2024, and every three years thereafter, the bill requires DHS to:

- enter into a three-year agreement with an outside entity to annually modify the funding model, update data used in the model and deliver results of the model to the Child Welfare Allocations Committee, DHS and the General Assembly; and,
- enter into an agreement with a different outside entity to evaluate the implementation of each annual funding model.

Funding model annual reporting. By November 15, 2021 and each year thereafter, the bill requires DHS and the Child Welfare Allocations Committee to submit a report to the General Assembly about the funding model. The report must include information about county costs, modifications that were made to the model, incentives that were included in the model and any other issues identified by the Child Welfare Allocations Committee.

Funding model evaluation group. By August 21, 2021, the bill requires the Child Welfare Allocations Committee to establish a group to evaluate the funding model. The group is responsible for ensuring that the funding model is consistent with changes to state and federal law and that it includes certain components. Starting in 2021, the evaluation group must deliver findings and recommendations to the Child Welfare and Allocations Committee by October 1 of each year. The committee must consider these findings and recommendations, and make its own annual recommendations for funding model modifications to DHS and the outside entity responsible for updating the model. The outside entity must update and modify the funding model based on these recommendations.

Child Welfare Allocations Committee additional duties. By August 1 of each year, starting in 2021, the bill requires the committee to identify components of the funding model that should be evaluated by the funding model evaluation group. By September 1 of each year, starting in 2021, the bill also requires the committee to establish expectations for gathering and using data in the funding model, identify county training and capacity needs to ensure the integrity of collected data, and make other recommendations to support use of accurate data in the funding model.

Child Welfare Services Task Force. By July 21, 2022, the bill requires this existing task force to provide recommendations to the funding model evaluation group, including recommendations on performance and outcome measures and outcome-based incentives related to the stability of children who receive child welfare services.

Updated workload study. The bill requires DHS to contract with an outside entity by the end of 2021 to conduct an updated workload study and present results of the study to the General Assembly, DHS and other entities by the end of 2023. The study must include information about each county's child welfare workload and development of a method to create workload, caseload and staffing models.

Updated placement settings report. In 2020, DHS was required to submit a report to the General Assembly with information about county utilization rates for in-home, family-like and out-of-home placement settings; projected federal reimbursements for each type of placement and anticipated changes in these reimbursements; analysis of statewide services and placement capacity; as well as statewide projections of the fiscal impact of federal reimbursement changes, and a plan to minimize these impacts. This bill requires DHS to submit an updated report with all of these measures to the General Assembly by July 1, 2022.

State Expenditures

For FY 2021-22, this bill increases General Fund expenditures in the DHS by \$250,000 to conduct a child welfare workload study that will inform the child welfare services funding model. Workload and costs will also increase for the various committees and task forces in the DHS to study the relevant issues and make recommendations, and for the DHS to oversee that various requirements of the bill and to report to the General Assembly. Additional funding will be required in out-years for various other studies and work that will occur on a periodic basis relating to the child welfare funding model, with these costs addressed through the annual budget process.

Local Government

To the extent that the bill modifies the funding formula for child welfare services and programs, annual allocations to counties for these services may change.

Effective Date

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

State Appropriations

For FY 2021-22, this bill includes a General Fund appropriation of \$250,000 to the Department of Human Services.

State and Local Government Contacts

Human Services