



## Legislative Council Staff *Nonpartisan Services for Colorado's Legislature*

# Fiscal Note

**Drafting Number:** LLS 22-0997      **Date:** April 22, 2022  
**Prime Sponsors:** Rep. Michaelson Jenet      **Bill Status:** House HHS  
**Fiscal Analyst:** Aaron Carpenter | 303-866-4918  
 Aaron.Carpenter@state.co.us

**Bill Topic:**      **CHILD RESIDENTIAL TREATMENT & RUNAWAY YOUTH**

**Summary of Fiscal Impact:**

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

The bill requires the Department of Human Services to develop an accountability system for residential care centers and creates a task force to study reasons why youth run away from out-of-home placement. The bill increases state expenditures beginning in FY 2022-23.

**Appropriation Summary:** For FY 2022-23, the bill requires an appropriation of \$553,740 to multiple state agencies.

**Fiscal Note Status:** The fiscal note reflects the introduced bill.

**Table 1  
State Fiscal Impacts Under HB 22-1375**

		Budget Year FY 2022-23	Out Year FY 2023-24	Out Year FY 2024-25	Out Year FY 2025-26
<b>Revenue</b>		-	-	-	-
<b>Expenditures</b>	General Fund	\$553,740	\$2,704,060	\$1,891,288	\$1,991,555
	Central. Approp.	\$16,591	\$51,517	\$68,134	\$96,164
	<b>Total Expenditures</b>	<b>\$570,331</b>	<b>\$2,755,577</b>	<b>\$1,959,422</b>	<b>\$2,087,719</b>
	<b>Total FTE</b>	<b>0.9 FTE</b>	<b>3.0 FTE</b>	<b>4.0 FTE</b>	<b>5.7 FTE</b>
<b>Transfers</b>		-	-	-	-
<b>Other Budget Impacts</b>	GF Reserve	\$83,061	\$405,609	\$283,904	\$298,733

## Summary of Legislation

**Statewide quality assurance and accountability system.** The bill requires the Department of Human Services (CDHS), in collaboration with an institution of higher education, to develop and implement a statewide quality assurance and accountability system for residential treatment facilities. The bill outlines the various components the system must possess including quality assurance standards with domains and clearly defined levels of quality; standards that consider acuity level of individual children; a collaborative model of quality improvement; and a public facing dashboard. The system must be implemented statewide by July 1, 2026. Before implementation the CDHS must:

- convene and receive recommendations from an advisory group created in the bill; and
- convene an implementation team to conduct a pilot program.

**Advisory group.** The CDHS is required to establish and convene a 20-member advisory group to advise the CDHS about the development of the system. The first meeting of the group must occur before September 30, 2022, and the group must report the results of its work by September 1, 2023. After receiving the recommendations, the CDHS must establish and convene an implementation team to conduct a pilot program of the accountability system.

**Implementation team and pilot program.** Thirty days after the CDHS has developed the quality assurance and accountability system based on the recommendations of the advisory group, the implementation team must convene the first meeting. The implementation team must include a representative from each residential treatment facility and representatives from the CDHS. The team must meet at least four times during the pilot program and must evaluate the system based on the pilot program.

The pilot program must use the new system to assess five residential treatment facilities selected by the implementation team. The CDHS cannot take adverse action against any facility while it participates in the pilot program. The implementation team must report on the results of its work along with any recommended changes by December 31, 2025.

**Task force to prevent youth from running from out-of-home placement.** The bill also creates a 22-member task force to prevent youth from running away from out-of-home placement in the Office of the Child Protection Ombudsman to:

- analyze the root causes of why children run away from out-of-home placement;
- develop a consistent, prompt, and effective response to recover missing children; and
- address the safety and wellbeing of a child upon the child's return to out-of-home placement.

The CPO must enter into an agreement with an institution of higher education to perform research and to support the task force. The task force must convene its first meeting by October 1, 2022, and must meet at least once every two months. The bill outlines the specific duties of the task force and requires the institution of higher education to conduct focus groups for children in out-of-home placement and young adults who have aged out of the system. The task force must submit status report on October 1, 2023, and then must submit a final report by October 1, 2024.

**Assumptions**

The fiscal note assumes that the pilot program will begin January 1, 2024, after the advisory group makes its recommendations on September 30, 2023.

**State Expenditures**

The bill increases state expenditures in the CDHS and the CPO by \$570,331 in FY 2022-23, \$2.8 million in FY 2023-24, \$2.0 million in FY 2024-25, and \$2.1 million in FY 2025-26 from the General Fund. Expenditures are shown in Table 2 and detailed below.

**Table 2  
Expenditures Under HB 22-1375**

<b>Cost Components</b>	<b>FY 2022-23</b>	<b>FY 2023-24</b>	<b>FY 2024-25</b>	<b>FY 2025-26</b>
<b>Department of Human Services</b>				
Personal Services	\$84,387	\$239,202	\$312,772	\$435,390
Operating Expenses	\$1,350	\$4,455	\$5,400	\$8,100
Capital Outlay Costs	\$6,200	\$18,600	-	\$24,800
Travel Cost	\$1,053	\$1,053	\$1,053	\$5,265
Higher Education Contract	\$250,000	\$250,000	\$250,000	\$250,000
Facilitator	\$18,000	\$18,000	\$18,000	\$18,000
IT Modification	-	\$2,000,000	\$1,250,000	\$1,250,000
Centrally Appropriated Costs <sup>1</sup>	\$16,591	\$51,517	\$68,134	\$96,164
FTE – Personal Services	0.9 FTE	3.0 FTE	4.0 FTE	5.7 FTE
<b>CDHS Subtotal</b>	<b>\$377,581</b>	<b>\$2,582,827</b>	<b>\$1,905,359</b>	<b>\$2,087,719</b>
<b>Child Protection Ombudsman</b>				
Facilitator Contract	\$126,750	\$126,750	\$52,813	-
Member Reimbursement	\$3,000	\$3,000	\$1,250	-
Higher Education Contract	\$63,000	\$43,000	-	-
<b>CPO Subtotal</b>	<b>\$192,750</b>	<b>\$172,750</b>	<b>\$54,063</b>	<b>-</b>
<b>Total</b>	<b>\$570,331</b>	<b>\$2,755,577</b>	<b>\$1,959,422</b>	<b>\$2,087,719</b>
<b>Total FTE</b>	<b>0.9 FTE</b>	<b>3.0 FTE</b>	<b>4.0 FTE</b>	<b>5.7 FTE</b>

<sup>1</sup> Centrally appropriated costs are not included in the bill's appropriation.

**Department of Human Services.** Starting in FY 2022-23, the bill will increase General Fund expenditures in the CDHS to hire staff, contract with a higher education institution, contract with a facilitator, and to develop an IT system to track and assess quality assurance and accountability for residential treatment facilities. Costs are detailed below.

- **Staffing costs.** The CDHS will require 8.0 FTE to develop and implement the quality assurance and accountability system for residential treatment facilities. Standard operating and capital outlay costs are included. Staff are phased-in over four fiscal years, with each first-year cost prorated for the General Fund pay date shift. All staff start on July 1, unless otherwise noted. Required staff include:
  - 1.0 FTE, starting in FY 2022-23, to oversee and help develop the statewide quality assurance and accountability system. This includes overseeing required contracts, participating and supporting the advisory group and the implementation team, providing oversight and supervision of the pilot program, and to supervise employees. The fiscal note assumes staff will start July 1, 2022.
  - 3.0 FTE, starting in FY 2023-24, to stand up and participate in the pilot program. This includes 1.0 FTE assessor/rater, 1.0 coach FTE, and one data management FTE. This staff will observe facility practice; review facility policy, procedures, and practices; provide engagement, training, technical assistance to facilities; and to oversee the development of the database system and data quality and integrity. The fiscal note assumes staff will start October 1, 2023.
  - 4.0 FTE, starting in FY 2025-26, to support full implementation of the quality assurance and accountability system. This includes the addition of 2.0 FTE assessors and 2.0 FTE coaches. The fiscal note assumes that there will be around 50 facilities in the system once it is fully implemented and that staff will start on January 1, 2025.
- **Travel costs.** Starting in FY 2022-23, expenditures in the CDHS will increase to reimburse staff for traveling around the state. The fiscal note assumes a rate of \$0.53 per mile. Travel increases in FY 2025-26 for the full implementation of the accountability system.
- **Contract for higher education institution.** Starting in FY 2022-23, expenditures in the CDHS will increase to contract with a higher education institution as required by the bill. The fiscal note estimates that a contract with a higher education institution will cost \$1.0 million over 4 years, or \$250,000 per year.
- **Facilitator.** Starting in FY 2022-23, expenditures in the CDHS will increase to contract with a third-party facilitator to support the advisory group and the implementation task team. Facilitator costs are estimated to cost \$72,000 per year over 4 years or \$18,000 per year.

- **IT system modification.** In FY 2023-24, expenditures in the CDHS will increase by \$2.0 million to develop a data system for the quality assurance and accountability system. This cost is based on similar IT system developed by CDHS, including Colorado SHINES which tracks early childhood accountability, and other vendor proposals for similar dashboard type systems. Costs begin in FY 2023-24 so CDHS can receive recommendations from the advisory group. Starting in FY 2023-24, the CDHS will have ongoing costs of \$1.3 million per year for license fees and maintenance.

**Child Protection Ombudsman.** Starting in FY 2022-23, expenditures in the CPO to hire a facilitator to support the task force, to reimburse members on the task force, and to contract with a higher education institution. A contract for a facilitator is estimated at \$126,750 per year and reimbursement for task force members is estimated at \$3,000 per year. These costs are prorated in FY 2024-25 for five months. A contract for a higher education institution is estimated at \$63,000 in FY 2022-23 and \$43,000 in FY 2023-24. This includes costs to reimburse individuals who participate in the focus group.

**Institutions of higher education.** From FY 2022-23 through FY 2025-26, revenue and expenditures in institutions of higher education that contract to provide the work under the bill will increase.

**Governor's Office.** The Governor's Office of Boards and Commissions will have increased workload to make the required appointments under the bill, including recruiting, vetting, and interviewing potential appointees. It is assumed that the Governor's Office may seek funding through the annual budget process, if necessary, based on the total workload of the Boards and Commissions office and the cumulative impact of all legislation affecting the office.

**Centrally appropriated costs.** Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are shown in Table 2.

## Other Budget Impacts

**General Fund reserve.** Under current law, an amount equal to 15 percent of General Fund appropriations must be set aside in the General Fund statutory reserve beginning in FY 2022-23. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve as shown in Table 1, which will decrease the amount of General Fund available for other purposes.

## Effective Date

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

## **State Appropriations**

For FY 2022-23, the bill requires a total appropriation of \$553,740 from the General Fund including:

- \$360,990 to the Department of Human Services and 0.9 FTE; and
- \$192,750 to the Office of the Child Protection Ombudsman in the Judicial Department.

## **State and Local Government Contacts**

Child Protection Ombudsman  
Health Care Policy and Financing  
Human Services  
Office of the Child's Representative

Education  
Higher Education  
Information Technology  
Public Safety