

**Schedule 13**  
**Funding Request for the 2014-15 Budget Cycle**

Department: Department of Human Services  
 Request Title: Title IV-E Waiver Cash Fund Spending Authority  
 Priority Number: R-22

Dept. Approval by: *Will [Signature]* 10-22-13 Date  
 OSPB Approval by: *Erin [Signature]* 7/10/2015 Date

- Decision Item FY 2014-15
- Base Reduction Item FY 2014-15
- Supplemental FY 2013-14
- Budget Amendment FY 2014-15

Line Item Information		FY 2013-14		FY 2014-15		FY 2015-16
		1	2	3	4	5
	Fund	Appropriation FY 2013-14	Supplemental Request FY 2013-14	Base Request FY 2014-15	Funding Change Request FY 2014-15	Continuation Amount FY 2015-16
<b>Total of All Line Items</b>	<b>Total</b>	0	0	0	6,000,000	6,000,000
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	0	0	0	0	0
	CF	0	0	0	6,000,000	6,000,000
	RF	0	0	0	0	0
	FF	0	0	0	0	0
	MCF	0	0	0	0	0
	MGF	0	0	0	0	0
	NGF	0	0	0	0	0
<b>(5) Division of Child Welfare, Title IV-E Waiver Demonstration [New Line]</b>	<b>Total</b>	0	0	0	6,000,000	6,000,000
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	0	0	0	0	0
	CF	0	0	0	6,000,000	6,000,000
	RF	0	0	0	0	0
	FF	0	0	0	0	0
	MCF	0	0	0	0	0
	MGF	0	0	0	0	0
	NGF	0	0	0	0	0

Letternote Text Revision Required? Yes:  No:  If yes, describe the Letternote Text Revision:

Cash or Federal Fund Name and COFRS Fund Number: Title IV-E Waiver Demonstration Cash Fund, no COFRS fund number

Reappropriated Funds Source, by Department and Line Item Name:

Approval by OIT? Yes:  No:  Not Required:

Schedule 13s from Affected Departments: N/A

Other Information: N/A

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***Cost and FTE***

- The Department of Human Services is requesting \$6,000,000 Cash Funds, 0.0 FTE, 0% increase (New line item, continuation requested for 5 years) for the Title IV-E Waiver Demonstration Project to allow counties to expand interventions that support children remaining in their homes. Funds will be used for support services, county staff, and travel.

***Current Program***

- The federal Title IV-E program funds 50% of foster care costs for low-income children. The remaining funding is General Fund and Local share. Colorado's Title IV-E Waiver Demonstration Project (Project) participation allows the restrictions on how those funds can be used to be waived. Project funds can be used for interventions such as family engagement, permanency roundtables, and kinship supports that are intended to reduce out-of-home placements (which create savings) and increase permanency for children.
- Senate Bill 13-231 created the Title IV-E Waiver Demonstration Project Cash Fund (Fund) into which half of the savings generated from reduced out-of-home placements during FY 2013-14 will be deposited. For FY 2014-15, these funds will be directed to counties for existing or new interventions. The remaining half stays with the county for additional child welfare services.

***Problem or Opportunity***

- S.B. 13-231 does not include an appropriation clause for the Fund, so the Department does not have spending authority for the savings deposited into the Fund. Service delivery expansion at the county level is dependent on the ability to access these moneys.
- The Project supports the Department's goal to "Ensure Colorado's children and youth have the opportunity to thrive in safe, nurturing and stable families." C-Stat goals that are supported by the Project include "Increasing the number of legally freed children discharged to permanency" and "reducing the numbers of children in out of home care for greater than two years."
- An independent evaluator, required by the Project terms and conditions, will determine how interventions are impacting outcomes and the amount of savings generated.

***Consequences of Problem***

- If spending is not authorized, then expanding the Project interventions statewide will not occur. If the Department does not demonstrate progress toward statewide expansion, the federal Administration for Children and Families can terminate the State's involvement in the Project.

***Proposed Solution***

- This request is for \$6,000,000 cash funds spending authority each year over the five-year Project. Funding will allow counties to expand interventions that support children remaining in their homes and will prevent families from deeper involvement with the child welfare system. Requested funding estimates the upper end of county savings each year. Once year-end close identifies the actual amount of savings available, the Department will restrict funds to the actual amount to avoid overcommitting intervention funds. The Department will report available funding to the General Assembly annually.

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*State of Colorado*  
*Department of Human Services*  
*FY 2014-15 Funding Request*  
*November 1, 2013*

*John W. Hickenlooper*  
Governor

*Reggie Bicha*  
Executive Director

**Department Priority: R-22**  
**Request Detail: Title IV-E Waiver Cash Fund Spending Authority**

<b>Summary of Incremental Funding Change for FY 2014-15</b>	<b>Total Funds</b>	<b>General Fund</b>
Title IV-E Waiver Demonstration (New Line)	\$6,000,000	\$0

***Request Summary:***

The Department of Human Services is requesting \$6,000,000 Cash Funds for each year of the five years for the Title IV-E Waiver Demonstration Project to support child welfare services, county staff, and travel.

***Problem or Opportunity:***

As described in the paragraphs that follow, this funding request provides an appropriation for the savings deposited into the Title IV-E Waiver Demonstration Cash Fund (Fund). Savings are generated when counties reduce the costs associated with the child welfare system. Without an appropriation, the Department will not be able to reinvest savings from the fund into the Project. The counties retain one-half of the savings and the other half is deposited in the Title IV-E Waiver Cash Fund. These funds will be used to expand and sustain the Title IV-E Waiver-supported interventions.

The federal Title IV-E program funds 50 percent of certain foster care costs for low-income and at-risk children. The remaining 50 percent is derived from General Fund and Local share. Through the Title IV-E Waiver Demonstration Project, Colorado agreed to specific terms and conditions to be met for the State to receive an increased level of Title IV-E funding. Colorado's Project participation allows a waiver on the restriction on how those funds are used. Project funds can be used for any of the following five interventions: family engagement, permanency roundtables, kinship supports, trauma-informed assessment, and trauma-informed treatment. Family Engagement is a series of family meetings, beginning early and often during involvement with Child Welfare. Permanency Roundtables are structured case consultations to expedite children/youth to permanency. Kinship Supports are services and hard goods aimed at supporting both certified and non-certified kinship caregivers. Trauma-informed assessment is an effort to ensure all children/youth/families with open child welfare cases are assessed to determine if they experienced trauma and if the trauma has a negative impact on their functioning. Based on this assessment, trauma informed treatment will be provided to children/youth/families. Interventions are intended to reduce

out-of-home placements and increase permanency for children. These efforts generate savings. An independent evaluator, required by the Project terms and conditions, will determine how interventions are impacting outcomes and the amount of savings generated.

In the 2013 legislative session, the Department worked with the General Assembly on Section 26-5-105.4, C.R.S, which modifies statute for the Project implementation. In addition to providing the Department with the authority to enter into performance agreements with counties to implement interventions, S.B. 13-231 created the Fund. Per the bill, half of the federal portion of the fiscal year savings generated by the Project will be deposited into the Fund. For FY 2014-15, these funds will be directed to counties for existing or new interventions. The remaining federal portion of the savings remains with the county that generated the savings for use in providing additional child welfare services.

Since Section 26-5-105.4, C.R.S was adopted early in the Project implementation and well before the FY 2014-15 budget cycle, the Department neither requested nor received an appropriation from the Fund. Project interventions began in July 2013, with three of the five interventions being implemented by counties. Forty-one counties were approved for Project interventions in the first year of the waiver, with the remainder of the state joining as funds are available. The Department anticipates savings to be generated for FY 2014-15, as counties work towards better outcomes for children and youth.

This request is for spending authority from the Fund for county Project interventions and expansion. This request implements the terms and conditions of the Project, assists in aligning child welfare funding, and ensures Colorado meets the safety, permanency, and well-being needs of Colorado children, youth and families. By supporting the Project, the funding supports the Department's child welfare goals and ties to many of the measures tracked by C-Stat, as discussed later in the Anticipated Outcomes section.

If spending authority is not granted, then expanding the Project interventions statewide will not occur. If the Department does not demonstrate progress toward statewide expansion, the federal Administration for Children and Families can terminate the State's involvement in the Project.

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***Proposed Solution:***

This request is for a \$6,000,000 appropriation from the Fund for each year of the five-year Project. Funding will allow counties to expand interventions that support children remaining in their homes and prevent families from deeper involvement with the child welfare system. Requested funding estimates the upper end of county savings each year. Once the fiscal year-end closeout process identifies the actual amount of savings available, the Department will restrict funds to this amount to avoid overcommitting intervention funds. The Department will annually report available funding to the General Assembly.

Without the support of this request, the Department would be unable to access the federal savings essential to expanding the Project, resulting in less funding for child welfare services and families in Colorado.

Without the flexibility allowed by the Project to provide services prior to out-of-home placement, and without regard to income, fewer children and families would receive the identified intervention services.

The Project was created by Section 26-5-105.4, C.R.S., outlining the administrative process by which counties or groups of counties participate in the Project and creates the Title IV-E Waiver Demonstration Project cash fund. Section 26-5-102, C.R.S., enables child welfare services system reform goals. Section 26-1-109, C.R.S., requires the Department to take necessary measures to obtain increased federal reimbursement moneys available under the Title IV-E program created under the federal “Social Security Act” in cooperation with the federal government.

### ***Anticipated Outcomes:***

This request creates a mechanism to spend federal savings in the Fund, allowing expansion of the Project and support of established interventions. The Department anticipates the Project will show the safety and well-being of children is improved by supporting activities that occur before a child is removed from the home. Family engagement and trauma-informed assessment will inform the Governor’s “Keeping Kids Safe and Families Healthy 2.0 Plan’s” prevention efforts and in-home services.

As a result of implementing the Project interventions, the Department anticipates a reduction in congregate care and an increase in the number of children avoiding out-of-home placement and remaining with their families. The Department also anticipates the development and statewide expansion of family engagement, permanency roundtables, kinship supports, trauma-informed assessment and treatment as these are the supported Project interventions.

The funded activities are expected to result in positive outcomes for the following C-Stat measures: Absence of Institutional Abuse or Neglect, Children Who Remain Home Safely Throughout Duration of Case, Children in Care for More than Twenty Four Months and No More than Two Placements, Reunification Occurring within Twelve Months, Absence of Maltreatment Recurrence, Children Who do not Re-Enter Care within Twelve Months of Discharge, Children in Out-of-home Care for Greater than Twenty Four Months, and Legally Freed Children Discharged to a Permanent Home prior to their 18<sup>th</sup> Birthday.

### ***Assumptions and Calculations:***

Given the work occurring in counties and the positive benefits expected to occur as a result of implementing the Project interventions, it is anticipated that Project counties will experience a savings in their out-of-home placement and case management costs of approximately \$12,000,000 annually. This amount was determined by calculating the potential savings should counties reduce the rate of congregate care to the 2011 national average of 15% (US DHHS, 2011).

**Table 1. Calculation of potential savings due to reduction in congregate care.**

<b>COUNTY</b>	<b>FY 2012 Spending</b>	<b>Reduction to 15%</b>	<b>Savings</b>
Weld	\$ 6,780,053	\$ 5,715,234	\$ 1,064,819
Pueblo	\$ 3,942,529	\$ 3,541,921	\$ 400,608
Morgan	\$ 1,540,709	\$ 1,317,984	\$ 222,725
Mesa	\$ 4,293,076	\$ 4,019,376	\$ 273,700
Fremont	\$ 2,241,230	\$ 1,932,051	\$ 309,179
El Paso	\$ 17,004,112	\$ 13,448,817	\$ 3,555,295
Douglas	\$ 2,427,164	\$ 2,067,317	\$ 359,847
Denver	\$ 16,863,354	\$ 14,456,624	\$ 2,406,730
Boulder	\$ 1,997,278	\$ 1,749,736	\$ 247,542
Arapahoe	\$ 9,873,206	\$ 8,778,743	\$ 1,094,463
Adams	\$ 8,980,685	\$ 8,927,173	\$ 53,512
		<b>TOTAL</b>	<b>\$ 9,988,420</b>

11 Counties = 85% of Congregate Care **\$ 11,751,082**

The five interventions are expected to result in savings beyond those associated with a reduction in congregate care. These savings are often a result of having shorter time frames of system involvement or being able to achieve results in preventing any system involvement. Potential areas for saving include the following:

- Family Engagement Meetings to prevent initial placement, maintaining the child/youth in their home; to decrease the length of stay, expediting reunification efforts and lowering the number of children/youth in out-of-home placement; to identify potential kinship care providers, increasing the use of least restrictive placement.
- Permanency Roundtables to increase the number of children/youth achieving permanence in a timelier manner, which may reduce the number of children/youth in out-of-home placement.
- Kinship Supports to potentially lower the re-entry rate of children/youth who achieved permanence through kin guardianship.

The Department is participating in the first year of the Project, therefore, reliable data on actual savings is not available. It is estimated through these efforts, projected savings could be in the range of \$6,000,000 to \$12,000,000. The Department is estimating the higher end of the range, \$12,000,000, to insure sufficient spending authority from the Fund.

Given these assumptions, the total potential cost savings is up to \$24,000,000; this includes all funding sources. It is assumed that 50% of the cost savings is Title IV-E federal funding. As a county creates IV-E savings through placement avoidance and efficiencies, the county retains one-half of the Title IV-E portion of savings and other half is deposited in the IV-E Waiver Cash Fund.



**Table 2. Calculation of Potential Fiscal Year Savings to the Fund**

Reduction in Congregate Care	\$12,000,000
<u>Additional Reduction in Care</u>	<u>\$12,000,000</u>
Total Savings	\$24,000,000
Estimated IV-E Portion (50%)	\$12,000,000
County Share (50%)	\$6,000,000
State Share (50% to Fund)	<b>\$6,000,000</b>

If the interventions do not generate this amount of savings, the additional spending authority will revert. As mentioned earlier, the Department will not allocate funding in excess of the realized savings by restricting the appropriation to the actual savings. The Department will also provide the General Assembly with a report on the amount of savings realized.

**Table 3. Proposed Appropriation for FY 2014-15 through FY 2018-19**

<b>Long Bill Line Item</b>	<b>Total</b>	<b>FTE</b>	<b>CF</b>
(5) Division of Child Welfare, Title IV-E Waiver Demonstration [New Line]	\$6,000,000	0.0	\$6,000,000
<b>Total</b>	<b>\$6,000,000</b>	<b>0.0</b>	<b>\$6,000,000</b>

