



Colorado Legislative Council Staff Fiscal Note
**STATE and LOCAL
 FISCAL IMPACT**

Drafting Number: LLS 11-0659
Prime Sponsor(s): Rep. Summers
 Sen. Foster

Date: February 21, 2011
Bill Status: House Local Government
Fiscal Analyst: Bill Zepernick (303-866-4777)

TITLE: CONCERNING MEASURES TO INCREASE FLEXIBILITY IN FUNDING SERVICES FOR FAMILIES.

Fiscal Impact Summary	FY 2011-2012	FY 2012-2013
State Revenue		
State Expenditures		
<u>Total</u>	<u>\$124,800</u>	
General Fund	87,360	
Federal Funds	37,440	Potential increase
FTE Position Change		
Effective Date: August 10, 2011, if the General Assembly adjourns on May 11, 2011, as scheduled, and no referendum petition is filed.		
Appropriation Summary for FY 2011-2012: See State Appropriations section.		
Local Government Impact: See Local Government Impact section.		

Summary of Legislation

The bill makes several changes to county practices and funding for social services. First, the bill allows counties to provide family preservation services to families who, without appropriate intervention services, may become involved in the child welfare, mental health, and juvenile justice systems. The Department of Human Services (DHS) is required to consider a county's expenditures on preventative services and the number of families served when determining the annual child welfare funding allocation to counties. The bill also allows county departments of social services to draw down federal funding for the following purposes:

- services provided by other organizations as long the costs are in addition to the county's 20 percent match, are paid from sources other than the county social service fund, and are for social service activities approved by the DHS as eligible for reimbursement; and
- administrative costs of certifying public expenditures made by other organizations as long as costs are in addition to the county's portion of the administrative costs defined in law, are not paid from the county social service fund, and are for administrative activities approved by the DHS as eligible for reimbursement.

The bill specifies that county acceptance and expenditure of federal funds for services provided by other organizations and the associated administrative costs does not affect the state's share of and contribution to the payment of the costs. The DHS retains 5 percent of any federal funds received by a county under these provisions of the bill.

State Expenditures

The bill will result in a one-time costs of \$124,800 to the DHS for IT system modifications. These changes will allow the TRAILS system to track preventative services provided to people who are not involved in the child welfare, mental health, and juvenile justice systems. Currently, the TRAILS system can only track client information and services once the person has actually entered the system (i.e., had a report of abuse or neglect filed, began receiving mental health services, or has become involved in the juvenile justice system). These costs are for 2,080 hours of contracted programmer time. Costs are paid 70 percent from the General Fund and 30 percent from federal funds.

In addition, the DHS receives 5 percent of federal funding provided to counties as allowed under the bill. However, the bill does not specify for what purpose this funding would be used. Because it is unknown how much federal funding counties will receive by certifying spending on social service activities by other organizations, the amount of funding to the DHS cannot be estimated at this time. The fiscal note assumes that the use of any additional federal funds received by the DHS will be addressed through the annual budget process.

Local Government Impact

The bill increases flexibility for counties in paying for social services in several ways. First, counties are authorized to provide family preservation services on a preventative basis. This may result in increased up-front costs, but could result in future savings and cost containment if the preventative services are effective in keeping clients out of the child welfare, mental health, and juvenile justice systems. The scope and amount of preventative services provided are at the discretion of the county. Incorporating preventative services into the funding allocation formula could affect future county funding, but the exact weight that preventative services will have in the formula depends on actions by the DHS and the Child Welfare Allocation Committee and is not known at this time.

Second, the bill allows counties to draw down federal funding for services provided by other organizations and the associated administrative costs of certifying such expenditures. This change can allow counties to provide additional services using outside organizations and to receive federal funds for such services. It is assumed that funding for these services is in addition to existing county services and will not supplant current spending for which the county and the state jointly provide matching funds to draw down federal moneys. The extent to which counties take advantage of this funding mechanism is unknown.

State Appropriations

The bill requires an appropriations of \$124,800 to the DHS in FY 2011-12 for TRAILS modifications, of which \$87,360 is from the General Fund and \$37,440 is federal funds.

Departments Contacted

Human Services

Health Care Policy and Financing

Judicial

OIT