

Schedule 13
Funding Request for the 2013-14 Budget Cycle

Department: Human Services
 Request Title: Title IV-E Waiver and Evaluation Development Costs
 Priority Number: S-12E, BA-9E
 Dept. Approval by: Will K [Signature] 2-7-2013 Date
 OSPB Approval by: [Signature] 2/7/13 Date

- Decision Item FY 2013-14
- Base Reduction Item FY 2013-14
- Supplemental FY 2012-13
- Budget Amendment FY 2013-14

Line Item Information		FY 2012-13		FY 2013-14		FY 2014-15
		1	2	3	4	5
	Fund	Appropriation FY 2012-13	Supplemental Request FY 2012-13	Base Request FY 2013-14	Funding Change Request FY 2013-14	Continuation Amount FY 2014-15
Total of All Line Items	Total	4,970,392	186,460	4,970,392	500,018	500,018
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	2,683,461	93,230	2,683,461	250,009	250,009
	CF	0	0	0	0	0
	RF	0	0	0	0	0
	FF	2,286,931	93,230	2,286,931	250,009	250,009
	MCF	0	0	0	0	0
	MGF	0	0	0	0	0
	NGF	2,683,461	93,230	2,683,461	250,009	250,009
(2) Office of Information Technology, Colorado Trails	Total	4,970,392	49,989	4,970,392	0	0
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	2,683,461	24,995	2,683,461	0	0
	CF	0	0	0	0	0
	RF	0	0	0	0	0
	FF	2,286,931	24,994	2,286,931	0	0
	MCF	0	0	0	0	0
	MGF	0	0	0	0	0
	NGF	2,683,461	24,995	2,683,461	0	0
(5) Division of Child Welfare, Title IV-E Waiver and Evaluation Development (New Line)	Total	0	136,471	0	500,018	500,018
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	0	68,235	0	250,009	250,009
	CF	0	0	0	0	0
	RF	0	0	0	0	0
	FF	0	68,236	0	250,009	250,009
	MCF	0	0	0	0	0
	MGF	0	0	0	0	0
	NGF	0	68,235	0	250,009	250,009

Letternote Text Revision Required? Yes: No: If yes, describe the Letternote Text Revision:
 Cash or Federal Fund Name and COFRS Fund Title IV-E Federal Funds
 Reappropriated Funds Source, by Department and Line Item Name: N/A
 Approval by OIT? Yes: No: Not Required:
 Schedule 13s from Affected Departments: N/A
 Other Information: N/A

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DEPARTMENT OF HUMAN SERVICES

John W. Hickenlooper
Governor

*FY 2012-13 Supplemental and FY 2013-14 Budget Amendment
February 15, 2013*

Reggie Bicha
Executive Director


Signature

2/7/13
Date

*Department Priority: S-12E, BA-9E
Title IV-E Waiver Development and Evaluation Costs*

Summary of Incremental Funding Change for FY 2012-13	Total Funds	General Fund	Federal Funds
Title IV-E Waiver and Evaluation Development Costs	\$186,460	\$93,230	\$93,230
Summary of Incremental Funding Change for FY 2013-14	Total Funds	General Fund	Federal Funds
Title IV-E Waiver and Evaluation Development Costs	\$500,018	\$250,009	\$250,009

Request Summary: The Department is requesting \$186,460 total funds including \$93,230 General Fund in FY 2012-13, and \$500,018 including \$250,009 General Fund for FY 2013-14 to FY 2018-19, for waiver evaluation services. This will fund development and evaluation costs related to the implementation of the federal Title IV-E waiver. States are required to fund a portion of the development costs and evaluation costs related to the waiver. Also, the State is federally required to conduct an evaluation of the Title IV-E waiver. Expenditures are reimbursed by federal Title IV-E funds (Social Security Act entitlement funds to provide child welfare services) at a fifty percent rate.

Problem or Opportunity:

Colorado applied for and received a Federal IV-E waiver and agreed to specific terms and conditions that need to be met for the State to receive the Title IV-E waiver funding. The waiver provides Colorado an opportunity to use federal funding for non-traditional, flexible interventions and to change child welfare

throughout Colorado. The waiver implementation plan is being developed in FY 2012-13; implementation plan development costs will be incurred in FY 2012-13. In addition, to comply with the waiver terms and conditions, the Department must contract for an evaluation of waiver interventions, which begin in FY 2013-14.

Brief Background:

Title IV-E is a federal program that pays for maintenance, training, administration, Trails (the statewide automated child welfare information system), and subsidized adoption to support children who were removed from their homes due to abuse or neglect. Children receiving Title IV-E funded services are typically placed in foster homes or congregate care. One half of the costs of care, or maintenance costs, are paid by Title IV-E funding.

For the last several years, Colorado has seen a decline in Title IV-E funding, which can be attributed to a decline in out-of-home placements and a decrease in the number of Title IV-E

eligible clients. Table 1 shows the decline in Title IV-E clients

Table 1. Child Welfare Title IV-E Placements

FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
2,593	2,389	2,196	2,000	1,961

Title IV-E funding can only be claimed for maintenance costs, administration, training, and information technology. As Colorado was addressing this decline in federal funds, the federal Administration for Children and Families (ACF) reopened Title IV-E waivers to states.

Waivers allow states to implement child welfare practices that otherwise do not qualify for reimbursement. Waiver funding is treated similar to a block grant. The State receives a set amount for waiver activities and is no longer reimbursed based on expenditures incurred. For each of the next five years, it is anticipated the State will retain up to \$8 million in funding that would not be earned due to reduced placements.

The State negotiated terms and conditions with the ACF. The terms and conditions identify the practices the State will implement in the waiver and deliverables required for federal review. Deliverables include items such as expenditure reports, request for proposals, and evaluations. Deliverables can be one-time, or on-going with periodic submissions.

Waiver Development Costs

To successfully implement the Title IV-E waiver, the Department is requesting funding for development costs. Development costs to implement the waiver include automated systems development, agency administration, consultant costs, orientation and training, and evaluation planning. Included below is a detailed breakout of these costs.

Automated Systems (Trails) Development: The Office of Information Technology will incur costs to modify Trails (the statewide automated child protection and child welfare database). These

costs include development and programming costs for the case management system utilized by the Department and county departments to implement the waiver and allow for the tracking of expenditures. The IT costs are contingent upon the implementation plan and methodology to track waiver activities and expenditures.

Agency Administration – Coordinator: The Department will use temporary personal services to develop the implementation plan, including a phased rollout of waiver opportunities and the methodology for tracking and accounting for IV-E waiver expenditures. This position will liaise with county departments and achieve consensus in the implementation plan. This position will ensure the plan meets the terms and conditions of waiver, allows for evaluation of waiver services, and is compatible with Trails and the Department’s accounting protocols.

Consulting Costs: The Department intends to partner with national experts with IV-E waiver demonstration implementation expertise. The negotiated costs will be tracked and charged as development costs.

Orientation and Training: The cost of a trainer, training materials, and facility costs to train State and county staff about the waiver conditions and implementation processes is a development cost. The Department will use a regional training model to provide training.

Evaluation Development: The evaluator’s costs to create the evaluation plan are considered development costs. A detailed explanation of the Title IV-E Waiver is included below. The vendor will develop evaluation design options to evaluate the outcomes and a cost comparison of waiver and related non-waiver child welfare activities. Development of the evaluation will begin in April 2013. The evaluation design must be in place at the time of implementing the waiver demonstration. The anticipated implementation date is July 1, 2013. The evaluation will continue throughout the five year demonstration and for six months after the demonstration to conclude

the evaluation activities and provide a final report.

Title IV-E Waiver Evaluation

As a condition of receiving blocked funding for practices that are not typically reimbursable, the State must evaluate whether or not the practices being implemented result in positive outcomes. The vendor will develop evaluation design options to track the effectiveness of waiver activities by evaluating processes and outcomes, and comparing the costs of waiver and related non-waiver child welfare activities. Development of the evaluation will begin in April 2013. The evaluation design must be in place at the time of implementing the waiver demonstration and the anticipated implementation date is July 1, 2013. The evaluation, and the incurrence of associated costs, will continue throughout the five year demonstration and for six months after the demonstration to conclude the evaluation activities and provide a final report.

The evaluation design will include both quantitative and qualitative research and data collection methods that support one another. The evaluation methodology will include both a matched case comparison and a time-series analysis. The matched case comparison will examine changes in outcomes for children receiving one or more interventions implemented at the beginning of, or early in the demonstration period, compared to outcomes among similar children in counties that implemented these interventions later in the demonstration period. The time series analysis will examine changes over time in key measures of child safety, permanency, and wellbeing, including measures defined by the federal Child and Family Service Review (CFSR), the State's Program Improvement Plan (PIP), and additional items of interest to Colorado. To the extent possible, the analysis of process and outcome findings will be based on case-level data from the State's child welfare information systems, case records, and other data sources as appropriate. Cases will maintain their assigned status for the full period of the demonstration. In addition, to the extent

possible, the contractor will assess and ensure the validity and reliability of all quantitative process and outcome data collected as part of the evaluation.

Proposed Solution:

The Department requests FY 2012-13 funds for temporary personnel services to develop the implementation plan, for training State and county department workers as to the waiver demonstration requirements and processes, for Trails modifications to allow waiver activities and expenditures to be readily identified, and for the design of the evaluation of the waiver activities. The Department requests funds for FY 2013-14 for on-going evaluation of the waiver demonstration.

Alternatives:

The Department could reduce the county allocations to cover the development costs; however, the time-frame to get the work completed is short and modifying the child welfare allocation in the middle of the county department's fiscal year places an undue burden on county departments.

The Department also considered performing all implementation work with existing personnel. However, to avoid negatively impacting other programs and to help accomplish a large amount of work quickly, the Department chose to request a contract provider. The Department is seeking the help of contractors with prior Title IV-E waiver experience that cannot be found within current staff.

Colorado could decline to implement the waiver it obtained; however, Title IV-E federal funding would continue to decrease. This provides less funding for counties for child welfare services.

Anticipated Outcomes:

This request enables the development of the waiver implementation plan and on-going evaluation of waiver activities. Incorporating county department feedback into the implementation plan is essential to ensure that

county departments are able to maximize the flexible funds that have been made available to Colorado. Having an implementation plan that meets the federal requirements and ensures that waiver activities will be executed with fidelity is necessary for a successful demonstration.

Colorado needs to identify and track waiver activities (such as family engagement, trauma informed child assessment, trauma-focused behavioral health treatments), expenditures and the outcomes. The waiver data must be contained so proper activity and cost comparisons can occur. Integrity in the data is needed for Colorado to determine which waiver interventions have the greatest benefit to Colorado families and should be incorporated statewide in future years. This also allows Colorado to use the evaluation data to argue that the ACF should continue the flexible federal funding at the conclusion of the waiver demonstration.

Assumptions for Calculations:

The FY 2012-13 costs are associated with establishing the waiver program. These costs are one-time only. The FY 2013-14 costs are exclusively for the evaluation of the waiver and are on-going for FY 2013-14 and the next 4.5 years (the duration of the demonstration plus six months).

FY 2012-13 – Supplemental Costs:

Table 1 and the narrative that follows identify developmental costs for the IV-E waiver demonstration.

Table 1. Supplemental Budget Amendment Cost Components.

Cost Component	General Fund	Federal Funds	Total
Coordinator	\$12,000	\$12,000	\$24,000
Trails Development	\$24,995	\$24,994	\$49,989
Consulting	\$12,375	\$12,375	\$24,750
Training	\$3,850	\$3,850	\$7,700
Evaluation	\$40,010	\$40,011	\$80,021
Total	\$93,230	\$93,230	\$186,460

Coordinator Costs: This work will occur at a rate of \$48 per hour for 500 hours at a total cost of \$24,000.

Automated Systems (Trails) Development Costs: The Developmental Cost Plan submitted to the ACF projected an IT development cost of \$50,000. The Department requests \$49,989 based upon the follow calculations:

- Project Management 300 hours x \$60 = \$18,000.
- Business Analyst (user acceptance testing, regression testing, training) 485 hours x \$45/hr = \$21,825.
- Programming Services (system development and implementation) 242 hours x \$42/hr = \$10,164.

Consulting Costs: This cost is projected at \$24,750 based on the Department’s historical and current consultant rates. (\$1,500/day (\$187.5/hour x 8) x 13.7 days = \$20,550.) On-site consultation requires \$4,200 for travel expenses (flight, hotel, per diem, ground transportation); the Department included the cost of one in-state consultation.

Orientation and Training: This cost is \$7,700 for seven one-day trainings across the state. This pays for a venue to hold a training for County Department caseworkers, supervisors and leadership (\$1,000/site x 6 sites = \$6,000). It is assumed that the Department can find one site at no cost. Travel costs for Department staff to provide the training are \$1,700 ((.51 x 2,702 miles = \$1,378) + (\$23/day x 7 days x 2 staff = \$322)).

Evaluation Development: The evaluator’s costs to create the evaluation plan are considered development costs. This is projected at \$80,021 based on review of existing evaluation contracts. The work will be performed over three months and will require 723 hours of professional services. *Attachment A* includes the detailed calculations.

FY 2013-14 – Budget Amendment Costs:

The waiver terms and conditions require a short-term rigorous evaluation process, necessitating contracting with an independent evaluator. Once the demonstration is fully implemented, the State estimates that it may serve up to 101,100 cases through the six service interventions; the evaluation will have case comparisons and time-series analysis as identified above. Based upon the evaluation requirements, a review of other states' waiver evaluation costs, a review of current evaluation contracts, and the Department's Developmental Cost Plan presented to ACF, the Department requests \$500,018 per year for the duration of the waiver demonstration.

Specifically, the Department recently received the Title IV-E waiver authorization and corresponding implementation instructions. Per this new data, the Department recognized a need for new spending in both FY 2012-13 and FY 2013-14.

Current Statutory Authority or Needed Statutory Change: 26-5-102 C.R.S. enables child welfare services system reform goals; 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" and cooperate with the federal government.

	Annual Cost	General Fund	Federal Funds
Personnel	\$424,800	\$212,400	\$212,400
Materials	\$5,525	\$2,763	\$2,762
Travel	\$20,142	\$10,071	\$10,071
Indirect	\$49,551	\$24,775	\$24,776
TOTAL:	\$500,018	\$250,009	\$250,009

Attachment A includes the detailed calculations.

Consequences if not Funded:

Without sufficient funding for development and evaluation activities, the Department risks being unable to implement the IV-E waiver.

Relation to Performance Measures:

This funding request supports Governor Hickenlooper's Child Welfare Plan "Keeping Kids Safe and Families Healthy." This includes strategy of: aligning child welfare funding to ensure Colorado meets the outcomes it needs for child safety, permanency, and well-being of children and families in Colorado.

Supplemental, 1331 Supplemental, or Budget Amendment Criteria: This supplemental budget amendment is the result of new data resulting in substantive changes in funding needs.

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**Attachment A
IV-E Waiver Evaluation Cost Proposal**

FY 2012-13

Evaluation Development	Rate	Hours	Direct Cost
Project Director	\$ 100	162	\$ 16,200
Co-Principal Investigator	\$ 100	285	\$ 28,500
Co-Principal Investigator	\$ 100	261	\$ 26,100
Budget Specialist	\$ 75	15	\$ 1,125
Printing			\$ 125
4 Project Meetings			\$ 41
Total			\$ 72,091
Indirect at 11%			\$ 7,930
Total Cost			\$ 80,021

FY 2013-14

Evaluation - Personal Services	Rate	Hours	Direct Cost
Project Director	\$ 100	240	\$ 24,000
Co-Principal Investigator	\$ 100	1560	\$ 156,000
Co-Principal Investigator	\$ 100	1560	\$ 156,000
Researcher	\$ 75	1080	\$ 81,000
Budget Specialist	\$ 75	104	\$ 7,800
Total cost			\$ 424,800

Evaluation - Materials and Supplies

Paper for evaluations, reports and follow-up communication (\$0.10 x 1,000 pages x 12 months)	\$	1,200
Supplies- folders, report covers, binder clips	\$	700
Printer cartridges	\$	375
2 Computers (\$1,000 per laptop), 1 Printer Scanner (\$950)	\$	2,950
Mailing costs (\$25 per month x 12 months)	\$	300
Total	\$	5,525

Evaluation - Travel

Monthly Travel (training and stakeholder meetings)	Mileage	Per Diem	Hotel	
Denver-Metro 20 miles RT	\$ 10			
Northeast Colorado 130 miles RT	\$ 66	\$ 26		
Southern Colorado 250 miles RT	\$ 128	\$ 56	\$ 125	
Western Colorado 400 miles RT	\$ 204	\$ 123	\$ 125	
Project Meetings	\$ 10			
Monthly Total	\$ 418	\$ 205	\$ 250	
Total	\$ 5,016	\$ 2,460	\$ 3,000	\$ 10,476
Annual travel to Washington D.C.	Flight	Per Diem	Hotel	
Three days travel for three individuals	\$ 7,200	\$ 666	\$ 1,800	\$ 9,666
Total				\$ 20,142

Subtotal Annual Evaluation Cost \$ 450,467

Indirect at 11% \$ 49,551

Total Annual Evaluation Cost \$ 500,018