



## County Factsheet on CDHS Proposed Solution for Indirect Costs

Budget request R-06, “Department Indirect Costs,” offered by the Colorado Department of Human Services (CDHS), requests a comprehensive adjustment to how CDHS indirect costs are funded. The request does not describe the major programmatic impacts on the Child Welfare Services (“Block”) appropriation.

In order to cover a shortfall in indirect costs, CDHS recommends withholding \$5,643,322 in federal funds from the Child Welfare appropriation. A holdout of \$5,643,322 in federal funds would also reduce the 20% local match, which means that **if this budget request is approved, counties will face a \$7,054,153 reduction in their child welfare budgets.**

**\*Contrary to statements made at the JBC hearing on this topic, the Child Welfare Services appropriation was overspent last year. A cut this large could have grave consequences to children and families.\***

### **THE IMPACT ON CHILDREN, FAMILIES, AND THE SYSTEM:**

Counties currently use this \$7 million to pay for child welfare staff, out of home placements, and contracts with partner providers for services to families.

#### **Child Welfare Staffing:**

- Assuming each county child welfare FTE costs a county \$69,182, **the loss of \$7,054,153 to counties’ allocations equates to 102 FTE in our child welfare programs across the state.**
- A 2014 workload study commissioned by the Legislative Audit Committee concluded that **574 additional full-time caseworkers and an additional 122 related supervisor positions** are needed in our child welfare system to keep children and families safe.
- Since that time, the implementation of the Child Abuse and Neglect Hotline has resulted in a significant increase in child welfare referrals, making the need for new these staff even greater.
- The General Assembly has shown steadfast support in addressing this staffing deficit. Over the last two years, it has provided funding that has allowed counties to hire approximately 184 child welfare staffers.
- CDHS has requested funding for an additional 58 FTE this year. The budget request indicates that, with its funding, the State will still need to appropriate funding for 367.8 FTE in order to achieve the total staffing levels recommended. This request ignores the potential reduction in child welfare staffing that could result from a reduction of the block grant appropriation. **It is critical that we not lose sight of the possibility that even more than 367.8 FTE might be needed to meet the levels recommended by the study should these cuts be approved.**

### **Children's Safety and Permanency:**

A reduction in staffing and other vital services could lead to:

- More child placements in foster care and other more restrictive out of home placements.
- Significant and unpredictable effects on the outcomes for children already in the system, including, causing delays in permanency and adoptions as fewer staff carry more cases.
- Greater difficulty meeting federal and state performance measures, which have improved due to the increased staff investments.

### **Transparency:**

- Rather than reducing the Child Welfare Services appropriation by the federal and local share, the State simply proposes to withhold that amount from the appropriation prior to allocating to the counties. The legislature is not asked to take any specific action related to this holdout.
- This would allow the State to withhold larger amounts in future years, without the approval of the JBC or counties, setting a dangerous precedent in managing the child welfare program and other programs under CDHS' purview.
- We believe that more transparency is needed in providing a line item report of CDHS' indirect costs.