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2026 Legislative Priority Proposal
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Revising the Child Welfare Prevention and Intervention Services Cash Fund	
Larimer County (Commissioner John Kefalas)	
Preferred Contact:	kefalajm@co.larimer.co.us
Co-Sponsoring Counties/Commissioners:	N/A
Who is your subject matter expert?	Heather O'Hayre, Director, Larimer County Human Services, ohayrehj@co.larimer.co.us, (970) 498-6310 Hannah Ditzenberger, Policy Analyst, Larimer County Human Services, ditzenha@co.larimer.co.us, (970) 498-6322
Has this proposal been approved by your BoCC?	Yes.
Have you reviewed the CCI Instructional Memo?	Yes.
Describe the problem your proposal will solve.	Colorado's child welfare system is underfunded by $25-30 million for SFY24-25, and the State needs to address this shortfall. Larimer County's Department of Human Services has had to make significant service cuts through contracts and other staffing reductions as a result; impacting the services and safety of our community. The federal Family First Prevention Services Act (passed as part of the Bipartisan Budget Act of 2018) created the structure for states and counties to draw down federal Title IV-E funding for prevention services. Prior to this, states only received federal funding for administrative costs and out-of-home placements. In response to the federal Family First Prevention Services Act (FFPSA), SB18-254 made several changes to Colorado's child welfare funding structure, including the creation of the Child Welfare Prevention and Intervention Services Cash Fund ("the Fund"). The legislation (SB18-254) impacted two funding processes

	related to the child welfare system. First, the Colorado Department of Human Services (CDHS) could no longer retain unspent capped allocation money in years when there were funds remaining. Any unspent money is transferred to the Fund. Second, any direct Title IV-E funding for prevention services that is drawn down by the state is transferred to the Fund as a way to try to increase other prevention funds received. As a requirement of FFPSA, states were required to submit a prevention plan to our federal partners; requiring approval prior to implementation and before any prevention federal funding could be provided. In 2019-2021, CDHS contracted with a vendor to develop Colorado's FFPSA prevention plan; counties, families and other stakeholders were included. The intent of Colorado's plan was to scale primary prevention across Colorado to prevent children and families from ever coming into contact with the child welfare system. The plan was more aggressive than the minimum requirements of the FFPSA which sought to decrease out-of-home placements and repeat interactions with the child welfare system. The plan was initially denied by our federal partners and it took the state many more months and several more attempts before the plan was approved in September 2022. The plan that was approved was changed significantly from the initial design, however SB18-254 had already been implemented. Additionally, following the passage of HB22-1295 and the creation of the Colorado Department of Early Childhood (CDEC), the Fund and the Colorado Child Abuse Prevention Trust Fund Board was moved from the Division of Child Welfare (CDHS) and all oversight and spending is completely disconnected from child welfare practice. The Colorado Child Abuse Prevention Trust Fund Board now makes recommendations to the Executive Director of the CDEC on how all funding in the Fund should be spent. The intent of SB18-254 in creating the Fund and the initial design of Colorado's primary prevention efforts are admirable. However, especially during a budget crisis, these dollars should be used to support county child welfare services that focus on preventing out-of-home placements. Redirecting the Title IV-E prevention dollars back to child welfare for in-home services that prevent out-of-home placement is needed at a time when Larimer County and many other counties are reducing services due to the significant underfunding in child welfare.
Areas of Impact:	Budget challenges limit our ability to provide functional, high quality programs and services to our clients and thus impact the day-to-day operations of the county, the functionality of county programs or services, and general community advancement.

What is the ultimate source of this problem?	Funding shortfall and funding allocation.
What is your initial proposal to solve this problem?	Right now, all unspent general child welfare fund dollars included in the initial allocation to each county are transferred to the Child Welfare Prevention and Intervention Services Cash Fund. We propose that unspent general fund money (if it exists in future years) should be redirected back to CDHS and all prevention IV-E funding should remain with CDHS to fund in-home services that prevent out-of-home placement (in alignment with FFPSA). The monies would then be redistributed to counties to help them provide essential services that prevent out-of-home placements. The details of this would fall under the purview of the Child Welfare Allocation Committee.
Please provide sample language for this solution.	The bill would seek to modify C.R.S. 26-5-104 with specific language to be developed: (7) Close-out process for county allocations. **(a)** **(I)** There is created in the state treasury the child welfare prevention and intervention services cash fund, referred to in this subsection (7) as the “fund”. The following two special accounts are created in the fund: **(A)** The small- and medium-sized counties account, referred to in this subsection (7) as the “small- and medium-sized account”; and **(B)** The all-counties account, referred to in this subsection (7) as the “all-counties account”. **(II)** The state department is authorized to accept gifts, grants, and donations, which must be transferred to the fund and credited to the all-counties account within the fund. **(III)** In addition to transfers credited to the all-counties account within the fund pursuant to subsection (7)(a.6) of this section, the general assembly may directly appropriate general fund money to the fund. If the general assembly makes a direct appropriation of general fund money to the fund, the money must be credited to the all-counties account within the fund. The state department, in consultation with the counties, shall determine the allocation of any money credited to the all-counties account within the fund, which money may be allocated to all counties, regardless of size. **(IV)** The state department, in consultation with counties, shall allocate all money from the fund to increase local child welfare prevention and intervention services capacity, which allocations must be used by a county for the delivery of child welfare prevention and intervention services that have been approved by the state department.

	(V) The state department shall work collaboratively with the state board of human services to promulgate rules concerning the allocation and use of money from the fund. **(a.3)** **(I)** For state fiscal year 2018-19, and for each state fiscal year thereafter, except for state fiscal years 2019-20, 2020-21, and 2021-22, the state department retains any unspent general fund money included in the initial allocation to each balance of state county, up to five percent of the total general fund money allocated to balance of state counties, as described in subsection (4)(b) of this section and referred to in this subsection (7) as "small- and medium-sized counties". **(II)** Retained money pursuant to subsection (7)(a.3)(I) of this section must be transferred into the fund and credited to the small- and medium-sized account within the fund. **(III)** Money from the small- and medium-sized account within the fund must be allocated by the state department, in consultation with small- and medium-sized counties, to small- and medium-sized counties to increase local child welfare prevention and intervention services capacity and must be used by counties for the delivery of child welfare prevention and intervention services that have been approved by the state department. **(a.5)** Subject to the limitations set forth in this subsection (7), the state department may, at the end of a state fiscal year based upon the recommendations of the child welfare allocations committee, allocate any unexpended capped money for the delivery of specific child welfare services to any one or more counties whose spending has exceeded a capped allocation for such specific child welfare services. **(a.6)** Subsequent to the allocation of any unexpended capped money pursuant to subsection (7)(a.5) of this section, and except for state fiscal years 2019-20, 2020-21, and 2021-22, any portion of the remaining state general fund money must be transferred to the fund and credited to the all-counties account within the fund for allocation by the state department to counties for the delivery of state-department-approved child welfare prevention and intervention services. **(b)** A county may only receive money pursuant to subsection (7)(a.5) of this section for expenditures other than those attributable to administrative and support functions as referred to in section 26-5-101 (3)(m) and for authorized expenditures attributable to caseload increases beyond the caseload estimate established pursuant to subsection (3) of this section for a specific capped allocation. **(c)** A county may not receive money pursuant to the provisions of subsection (7)(a.5) of this section for authorized expenditures attributable to caseload increases for services in one capped allocation from unexpended capped money in another capped allocation.

	(d) As used in this section, "unexpended capped money" means money that has been appropriated for child welfare services, allocated to a county or group of counties as a capped allocation or allocations pursuant to the provisions of subsection (4) of this section.
Are there any solutions that do not require state-level legislation? Has your county explored these alternatives?	No. This change needs to be made through legislation. Current statute requires the state department to allocate all remaining state general fund money to counties for the delivery of state-department-approved child welfare prevention and intervention services.
Has CCI or any other organizations sought a solution to this problem before?	No.
What possible organization(s) would ***support*** your proposed solution?	Some advocacy organizations and other service providers serving children and families in their home might support this as they're currently seeing cuts in their funding from child welfare while also seeing their costs rise.
What possible organization(s) would ***oppose*** your proposed solution?	Some advocacy organizations might oppose the reduction of funding for primary prevention efforts.
Have you spoken with any legislators about your proposed solution? If so, what was their response?	We have not had formal conversations with legislators. However, we believe that Senator Kirkmeyer, and likely others, would support this legislation.
What are the financial implications of this ***problem*** to your county? Are there any financial implications to this ***solution*** either?	As mentioned, Colorado's child welfare system is underfunded by $25-30 million. This solution would help redistribute some funds back to counties, including Larimer County, to use for our child welfare services. We hope the redistribution of funds would enable us to address our budget challenges and help families involved in our child welfare system receive valuable services.
What are the financial implications of this ***problem*** to any other impacted parties?	This solution would redirect some funds away from state-approved prevention and intervention efforts. However, we believe that the reallocation of unspent child welfare funds would provide greater benefits to families involved with our system.

What are the financial implications of this ***solution*** to any other impacted parties? *Please consider any relevant Colorado State Departments.*	