Child Welfare Allocation Methodology Team

Model Mechanics and Options

Background:

This group was formed with the purpose of developing a sustainable allocation methodology that prioritizes the well-being of the youth and families of Colorado. This initiative has been a collaborative effort between the state and individual counties, ensuring that the methodology reflects diverse needs and can be effectively utilized for years to come. The FY 2024-25 model had many strengths, but also had outstanding issues this group needed to address.

Objective:

The primary objective is to create a Child Welfare Allocation Committee (CWAC)-approved funding model for Fiscal Year 2025-26. The team aims to refine the allocation methodology to ensure an equitable and more efficient distribution of funds to counties, enhancing the overall effectiveness of child welfare services across Colorado. The new methodology will be data-driven, transparent, and adaptable to future changes in demographics, economic conditions, and policy requirements.

Disclaimer:

All percentages, dollar amounts, data percentages, and individual county amounts included in this narrative are for illustrative purposes only and are not intended to be final for allocation purposes.

Model Mechanics:

The model calculates a percentage of the overall allocation amount by tier or component, which is then used to populate the full allocation. Each tier includes several sub-tiers, allowing for a more detailed breakdown. The following tiers are currently included in the model:

- Indexes
- Spending
- Case Counts
- Non-Certified Kinship Placements

Model Layout:

The following illustrates the layout of the model. Each percentage can be applied based on the recommendations of the Child Welfare Allocation Committee (CWAC) and

will automatically adjust the dollar amount associated with each tier accordingly. This dollar amount will be based on the total appropriated to the Child Welfare Block, minus any holdouts or reductions made by CWAC (e.g., a reduction to the Title IV-E amount in the long bill).

Adjustable Metrics

Groups	Index	Staffing	Casecounts	Kinship	Spending	Total
Percent of Funding	8.75%	.00%	40.00%	.25%	20.00%	100.00%
Weighted Allocation	$52,500,000	$180,000,000	$240,000,000	$7,500,000	$120,000,000	$600,000,000

Indexes	Percentage	Dollar Amount				
	8.75%	52,500,000				
Groups	Child Population	Cost of Living	Underserved Population	County Population	Children In Poverty	Total
Percent of Funding	20%	25%	20%	15%	20%	100.00%
Weighted Allocation	$10,500,000	$13,125,000	$10,500,000	$7,875,000	$10,500,000	$52,500,000

Casecounts	Percentage	Dollar Amount									
	40%	240,000,000									
Groups	Referrals	Assessments	PA4 In Home (Youth in Conflict)	PA4 In Home (JJ/Crossover Youth)	PA4 Out of Home (Youth in Conflict)	PA4 Out of Home (JJ/Crossover Youth)	PA5 In Home Traditional Days	PA5 In Home FAR Days	PA5 Out of Home Days	PA6 Adoption	Total
Percent of Funding	2.80%	8.80%	11.40%	12.60%	11.80%	12.50%	10.70%	10.10%	11.70%	7.60%	100.00%
Weighted Allocation	$ 6,720,000	$ 21,120,000	$ 27,360,000	$ 30,240,000	$ 28,320,000	$ 30,000,000	$ 25,680,000	$ 24,240,000	$ 28,080,000	$ 18,240,000	$ 240,000,000

Tier Definitions:

Indexes:

The indexes currently included in the model are Child Population, Cost of Living, Underserved Population, County Population, and Children in Poverty. Each index is used to calculate a percentage for each county, compared to the overall state total.

- Child Population: Three year average of children 18 and under, by county, from the State Demography Office at the Department of Local Affairs
- Cost of Living: Cost of living data from the Economic Policy Institute. The information included in this data set is by county and for a 4 person holdhold with 2 adults and 2 children. The data included in cost of living calculation are as follows:
  - Housing
  - Food
  - Transportation
  - Healthcare
  - Other Necessities
  - Taxes

- **Underserved Population**: Three year average of children 18 and under, by county, from the State Demography Office at the Department of Local Affairs sorted by the following race categories:
  - Black or African American
  - American Indian and Alaska Native
  - Asian
  - Native Hawaiian or Other Pacific Islander
  - Two or More Races
- **Total County Population**: Three year average of total population, by county, from the State Demography Office at the Department of Local Affairs
- **Children in Poverty**: Three year average of children in poverty, by county, from Annie E. Casey Foundation and the Colorado Children's Campaign data.

Spending:

Expenditures within the Child Welfare block will be used to create a percentage, by county, compared to the overall state total. Spending will incorporate a three year average, by county, with actual spending based on the following criteria:
- Personnel Services Spending:
  - CW Administrative Expenditures 80/20 Split (80% State & Federal/20% County Share)
  - County Administration Expenditures 100% (100% State & Federal)
- Child Welfare Services Spending:
  - Child Welfare Services
  - Child Welfare Out of Home Expenditures
  - Child Welfare Related Child Care

Case Counts:

The case count complexity will be determined by two factors that contribute to a complexity score. Based on this score, a percentage will be calculated for each county, compared to the overall state total. While the old model considered case counts, this new model incorporates additional factors that were not previously considered when assessing the complexity of each case type. It also accounts for the time associated with each case level, ensuring that the added complexity of each level is properly captured.

Factor 1: Actual case counts will be applied to the average monthly length of time identified in the 2022 ICF Workload Study to determine the services required for a case.

Factor 2: Actual case count paid days.

Factors 1 and 2 are added together to calculate a score for each county.

Example:

	B11	BOS	B11	BOS
PA4 In Home (Youth in Conflict)	12:31	15:32	12.52	15.53

B11	12.52
BOS	15.53
3 Year Avg Case	3 Year Avg Case Complexity
11.75	147.07

SFY 2022		SFY 2023		SFY 2024		
PA4_IN_HOME	DAYS_PAID	PA4_IN_HOME	DAYS_PAID	PA4_IN_HOME	DAYS_PAID	3 Year Avg
6	3620	5	2341	4	1518	2493

PA4 In Home (Youth in Conflict)	PA4 In Home (Youth in Conflict) Days	PA4 In Home (Youth in Conflict) Complexity Score	PA4 In Home (Youth in Conflict) Percentage of State Total
147.07	2493.00	2640.07	7.70%

PA4 In Home (Youth in Conflict)	
7.70%	2,106,473

Definitions of Case Counts Included in the Model:

Case Count Definitions				
	Criteria in Trails			
	Case Category	Case Type	Case Detail/Service	Additional Case Description
PA3 Prevention	PA3	Prevention		
PA4 In Home (Youth in Conflict)	PA4	Traditional	Non-OOH	
PA4 In Home (Juvenile Justice/Crossover Youth)	PA4	Traditional	Non-OOH	Adjudicated Delinquent, Behavior Dangerous To Self / Others, Court Order Services
PA4 Out of Home (Youth in Conflict)	PA4	Traditional	OOH	
PA4 Out of Home (Juvenile Justice/Crossover Youth)	PA4	Traditional	OOH	Adjudicated Delinquent, Behavior Dangerous To Self / Others, Court Order Services
PA5 In Home Traditional	PA5	Traditional	Non-OOH	
PA5 In Home FAR	PA5	FAR		
PA5 Out of Home	PA5	Traditional	OOH	
PA6 In Home	PA6		Non-OOH	
PA6 Out of Home	PA6		OOH	
PA6 Adoption	PA6			Non Trails CPA Adoption','Eff.@ Reunify Exhaust/Rights M.B.Term

Non-Certified Kinship Placements:

Non-Certified Kinship placements will generate a percentage for each county, compared to the overall state total, using actual case counts for both non-DHS custody and DHS custody non-certified kinship placements. This program, which was introduced in the state on September 1, 2024, currently lacks enough data for a three-year average. As data becomes available, the model will incorporate an average of up to three years.

Example:

Kinship Care (non-DHS Custody)	Kinship Care (DHS Custody)	Grand Total	Kinship Care (non-DHS Custody) Percentage of State Total	Kinship Care (DHS Custody) Percentage of State Total
78	138	216	6.46%	10.94%

Kinship (Non-DHS Custody)		Kinship Non-Certified (DHS Custody)	
Figure	**Associated Dollars**	**Figure**	**Associated Dollars**
6.46%	242,136	10.94%	410,063

Model Options:

Option 1:

Option one will put the two spending categories—personnel services spending and child welfare services—in separate tiers. This approach allows for the flexibility to apply different percentages to each tier and enables the sub-tiers to incorporate additional layers if needed.

Adjustable Metrics

Groups	Index	Staffing	Casecounts	Kinship	Spending	Total
Percent of Funding	8.75%	30.00%	0.00%	1.25%	20.00%	100%
Weighted Allocation	$52,500,000	$180,000,000	$240,000,000	$7,500,000	$120,000,000	$600,000,000

Staffing	Percentage	Dollar Amount		
	30%	180,000,000		
Groups	Annual Staffing Survey	Workload Study	Personnel Services Spending	Total
Percent of Funding	5%	70%	25%	100.00%
Weighted Allocation	$9,000,000	$126,000,000	$45,000,000	$180,000,000

Spending	Percentage	Dollar Amount
	20%	120,000,000
Groups	Child Welfare Services Spending	Total
Percent of Funding	100%	100.00%
Weighted Allocation	$120,000,000	$120,000,000

Group	County Name	Staffing	Spending	Total for Spending
Large	Adams County	$ 22,940,096	$ 13,452,572	$ 36,392,668
Medium	La Plata County	$ 1,195,269	$ 565,434	$ 1,760,703
Small	Rio Blanco County	$ 317,170	$ 435,704	$ 752,874

Option 2:

Option two will combine the two spending categories, personnel services spending and child welfare services, into a single tier and apply one percentage to the entire tier. This option also allows for the flexibility to add additional layers to the sub-tiers if needed.

Adjustable Metrics

Groups	Index	Spending	Casecounts	Kinship	Total
Percent of Funding	3.75%	50.00%	.00%	1.25%	100.00%
Weighted Allocation	$22,500,000	$300,000,000	$270,000,000	$7,500,000	$600,000,000

Spending	Percentage	Dollar Amount			
	50%	00,000,000			
Groups	Annual Staffing Survey	Workload Study	Personnel Services Spending	Child Welfare Services Spending	Total
Percent of Funding	1.50%	3.50%	55.00%	40.00%	100.00%
Weighted Allocation	$4,500,000	$10,500,000	$165,000,000	$120,000,000	$300,000,000

Group	County Name	Spending
Large	Adams County	$ 36,411,222
Medium	La Plata County	$ 1,757,582
Small	Rio Blanco County	$ 752,142

Additional Model Factors:

The Allocation Methodology Team is also working to incorporate meaningful minimums and reduction limiters into the model. The team will monitor the difference between the allocations produced by the model, both before and after the reduction limiter, to ensure the model is functioning as expected. Additionally, the team will explore ways to mitigate any unintended consequences of the limiter, particularly regarding any disparities between counties that benefit or lose under the methodology.

> The reduction limiter will ensure that the new model is implemented without causing unintended strain or harm to counties. It will limit both reductions and growth for counties to the same percentage. The reduction limiter amount will be subject to a vote by the Child Welfare Allocation Committee, with the recommended limit for FY 2025-26 set at 1%.

> Meaningful minimums will ensure that small or medium-sized counties receive an allocation in areas where there may not be a case count or expense included in the three-year average, typically because the county does not regularly handle those case types or expenditures. This approach ensures that the county has an allocated amount to cover potential incoming expenses or cases that could otherwise strain their budget. These minimums will be allocated after the reduction limiter. This means that counties falling below the minimums due to the reduction limiter will be made whole up to the minimum amount before any additional funding is redistributed to counties that do not fall below the meaningful minimum.