



**Joint Budget Committee**

# **Supplemental Budget Requests**

## **FY 2025-26**

**Department of Human Services  
Executive Director's Office, Administration & Finance,  
Office of Children, Youth, and Families**

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# Overview of Human Services

The Department of Human Services is responsible for the administration and supervision of all non-medical public assistance and welfare programs in the state. This document includes discussion of three of the Department's seven Long Bill divisions: the Executive Director's Office, Administration and Finance, and the Office of Children, Youth and Families.

**Executive Director's Office (EDO):** Manages and administers the Department, including budgeting, human resources, and quality control. The division's budget primarily consists of compensation items for Department employees, but also includes the Office of the Ombudsman for Behavioral Health Access to Care.

**Administration and Finance:** Supports Department-wide accounting, facility management, capital construction, vehicle leases, and information technology. The division operates 330 buildings over 3.7 million gross square feet of space. The Division also includes quality assurance programs, as well as the Communication Services for People with Disabilities Enterprise.

**Office of Children, Youth and Families (OCYF):** Includes the Divisions of Child Welfare, Youth Services, and Community Programs.

- The **Division of Child Welfare** supports programs intended to protect children from abuse and neglect. The Division supervises and distributes funding to county departments that provide direct services. County departments receive and respond to reports of potential child abuse and neglect, and provide services ranging from family education to out-of-home placements.
- The **Division of Youth Services** is responsible for the supervision and treatment of juveniles in detention pre- and post-adjudication (similar to adult jail), and commitment post-adjudication (similar to adult prison). The Division also supervises juveniles during a mandatory six-month parole period following all commitment sentences.
- The **Community Programs** subdivision includes funding for programs intended to reduce the need for state interventions, including the Juvenile Justice Parole Board, the Tony Grampsas Youth Services Program, and the Domestic Abuse Program.

# Summary of Staff Recommendations

## FY 2025-26 Summary

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2025-26 Appropriation</b>						
SB 25-206 (Long Bill)	\$2,668,676,927	\$1,323,288,949	\$454,233,575	\$235,269,773	\$655,884,630	5,511.1
Other legislation	4,214,533	-647,338	8,739,414	-4,104,819	227,276	56.4
<b>Current FY 2025-26 Appropriation</b>	<b>\$2,672,891,460</b>	<b>\$1,322,641,611</b>	<b>\$462,972,989</b>	<b>\$231,164,954</b>	<b>\$656,111,906</b>	<b>5,567.5</b>
<b>Recommended Changes</b>						
Current FY 2025-26 Appropriation	\$2,672,891,460	\$1,322,641,611	\$462,972,989	\$231,164,954	\$656,111,906	5,567.5
S1 SNAP errors	449,524	0	224,762	0	224,762	3.6
S2 PTP services	4,786,081	4,786,081	0	0	0	7.5
S3 Fort Logan G-wing delay	-5,111,626	-5,111,626	0	0	0	0.0
S4 Patient revenue cash funds	2,080,500	-2,252,054	8,216,404	-3,883,850	0	0.0
S5 Adoption caseload [2]	18,417,185	10,117,680	348,939	0	7,950,566	0.0
S6 CBMS modifications	-1,823,210	-1,823,210	0	0	0	0.0
Food assist over-expenditure	7,000,000	7,000,000	0	0	0	0.0
Impacts driven by other agencies [1]	5,334,840	2,112,985	269,789	1,940,767	1,011,299	0.0
<b>Recommended FY 2025-26 Approp.</b>	<b>\$2,704,024,754</b>	<b>\$1,337,471,467</b>	<b>\$472,032,883</b>	<b>\$229,221,871</b>	<b>\$665,298,533</b>	<b>5,578.6</b>
<b>Recommended Increase/-Decrease from 2025-26</b>						
	\$31,133,294	\$14,829,856	\$9,059,894	-\$1,943,083	\$9,186,627	11.1
Percentage Change	1.2%	1.1%	2.0%	-0.8%	1.4%	0.2%
<b>FY 2025-26 Executive Request</b>	<b>\$2,700,970,047</b>	<b>\$1,335,589,276</b>	<b>\$473,238,192</b>	<b>\$229,221,871</b>	<b>\$662,920,708</b>	<b>5,578.6</b>
<b>Staff Rec. Above/-Below Request</b>	<b>\$3,054,707</b>	<b>\$1,882,191</b>	<b>-\$1,205,309</b>	<b>\$0</b>	<b>\$2,377,825</b>	<b>0.0</b>

[1] These requests will be discussed in presentations for requesting agency.

[2] Items addressed in this document. Other requests will be addressed in separate staff presentations and reflect the Department request rather than a staff recommendation.

Changes are assumed to be one-time unless otherwise noted.

**S5 Adoption caseload:** The request is \$8.2 million General Fund for adoption and relative guardianship caseload. Staff recommends an increase of \$10.1 million General Fund in the current fiscal year. Staff further recommends an increase of \$3.5 million General Fund in FY 2024-25 to reflect an over-expenditure for the program.

**Impacts driven by other agencies:** The request includes a net increase of \$5.3 million for requests from other state agencies. These are also called “non-prioritized requests.” The amounts shown in the table below reflect the impacts of requests made by other agencies. These requests are discussed during supplemental presentations for the lead requesting agency, at which point a staff recommendation will be made. Staff will update these figures to reflect the Committee’s decisions on these requests.

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
OIT Real time billing	\$4,062,412	\$1,318,266	\$181,337	\$1,830,075	\$732,734	0.0

Item	Total Funds	General Fund	Cash Funds	Reaprop. Funds	Federal Funds	FTE
Health, life, and dental	1,706,768	937,575	107,711	305,081	356,401	0.0
DPA Annual fleet supplemental	-434,340	-142,856	-19,259	-194,389	-77,836	0.0
<b>Total</b>	<b>\$5,334,840</b>	<b>\$2,112,985</b>	<b>\$269,789</b>	<b>\$1,940,767</b>	<b>\$1,011,299</b>	<b>0.0</b>

# Department Supplemental Requests

## → S5 Adoption caseload

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Request	\$15,362,478	\$8,235,489	\$1,554,248	\$0	\$5,572,741	0.0
Recommendation	18,417,185	10,117,680	348,939	0	7,950,566	0.0
Staff Recommendation Higher/-Lower than Request	\$3,054,707	\$1,882,191	-\$1,205,309	\$0	\$2,377,825	0.0

**Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? YES**

An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.

**Explanation:** JBC staff and the Department agree that this request is the result of caseload data that was not known at the time the original appropriation was made.

## Request

The Department requests \$8.2 million General Fund as a caseload adjustment for the Adoption and Relative Guardianship Assistance Programs (RGAP) in the current fiscal year.

The request also includes a budget amendment that the Committee will consider during figure setting to make the same caseload adjustment for FY 2026-27. The budget amendment includes legislation to decrease the state reimbursement to counties for RGAP from 90.0 percent to 80.0 percent beginning in FY 2026-27.

## Recommendation

Staff recommends an increase of \$10.1 million General Fund. The recommendation is based on the three-year average of year-over-year General Fund expenditure growth for the program.

## Analysis

Adoption and Relative Guardianship Assistance Programs (RGAP) provide financial assistance to families that meet federal eligibility criteria. The programs are intended to support permanency for children in child welfare. Permanency refers to a permanent, stable living situation for a child. For children in foster care, permanency could include reunification with their family of origin, adoption, or legal guardianship.

## Adoption assistance

Adoption assistance provides financial benefits to the families of children who meet federal eligibility criteria. Assistance may include monthly subsidy payments, services to support permanency, and one-time reimbursements for legal costs. Services that support permanency are medically or therapeutically necessary services to meet needs of the child that are not covered by Medicaid.

Payments are based on the financial needs of the family and needs of the child at the time of adoption. The type and amount of assistance is based on county agreements with families, and cannot exceed payments for foster care. Families must meet federal eligibility for Social Security Income (SSI) or the child must have special needs that create a financial barrier to adoption. Special needs include, but are not limited to:

1. Physical disability.
2. Mental, intellectual, or developmental disability.
3. Mental health disorders including post-traumatic stress disorder or bipolar disorder.
4. Educational disability that qualifies for special education services.
5. High risk children, such as children who are HIV-positive or exposed to drugs/alcohol in utero.
6. Other conditions that have proven to provide a barrier to placement including age, sibling unification, or ethnic background.

All children who are adopted from child welfare are also eligible for Medicaid until age 21.<sup>1</sup> Adoption assistance is intended to meet the unique needs of a child, not provide a financial incentive for adoption.

## Relative guardianship assistance

Relative guardianship assistance is intended to support legal permanency when adoption or reunification is not in the best interest of the child. Financial assistance is available through county agreements similar to adoption assistance. Benefits may include monthly assistance payments, services to support permanency, and one-time reimbursements for legal costs.

## Why were adoption and relative guardianship payments established?

The federal adoption assistance program was created by the Adoption Assistance and Child Welfare Act of 1980. There was financial assistance for foster families, but not adoptive families prior to the act. Therefore, there was a disincentive for foster families to pursue adoption, particularly if the child had special needs that required additional expenses for the family.

Adoption and guardianship are expected to be the desired outcome for foster care families when family reunification is not possible or appropriate. Adoption and guardianship provide a stable future for children who are otherwise in the custody of county departments of human services. In absence of adoption and guardianship, these families receive foster care payments from the Child Welfare Block.

The amount a family receives is based on child and family need as determined by a standardized assessment tool at the time of adoption or legal guardianship. The monthly rate cannot exceed foster care rates. Colorado

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<sup>1</sup> [CDHS Adoption Assistance Program.](#)

families are eligible for RGAP until youth turn 21. Children with severe medical needs may be eligible for RGAP as well as additional Social Security benefits and/or Medicaid waivers.

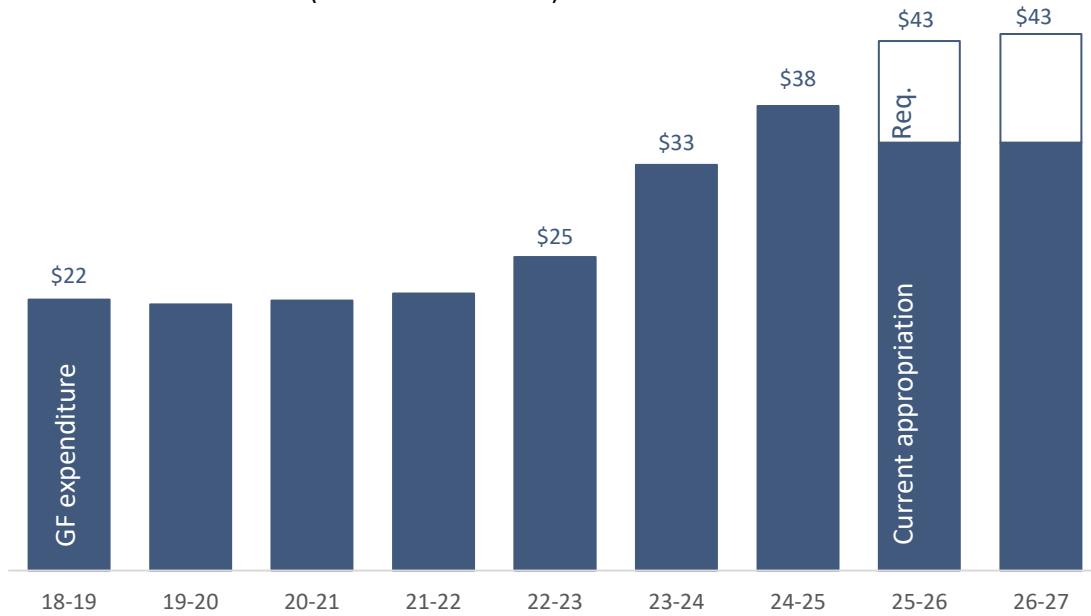
## The programs are entitlements

As entitlements, the Department is authorized to over-expend the appropriation if necessary to provide the benefit to all families that qualify.<sup>2</sup> The program was made an entitlement by a JBC bill, [S.B. 18-254 \(Child Welfare Reforms\)](#). The bill made a number of changes to the child welfare system with multiple goals including increasing permanency, aligning funding with current best practice, and strengthening support for adoptive families.<sup>3</sup>

RGAP payments are required to be lower than foster care rates. However, the state reimbursement rate for RGAP is higher than the Child Welfare Block, and foster care payments are not an entitlement. Appropriations for RGAP are increased during the supplemental and figure setting process each year if cost projections increase because the program is an entitlement. In contrast, the Child Welfare Block has not been adjusted for caseload since 2018 even though county expenditures are projected to exceed appropriations by \$23.9 million General Fund in FY 2025-26.<sup>4</sup>

Expenditures have exceeded General Fund appropriations each year since 2023. The Department indicates that expenditures are difficult to project because families can negotiate rate increases at any time, and RGAP caseload is unpredictable. Expenditures by county for FY 2024-25 are provided in Appendix B.

RGAP General Fund expenditures increased 67.6 percent from FY 2021-22 to FY 2024-25 (amounts in millions).



<sup>2</sup> Section 24-75-109 (1)(b)(II), C.R.S. [Controller authority to allow over-expenditure] and Section 26-5-104 (1)(b), C.R.S. [Department authority to over-expend if necessary to reimburse 90.0 percent of county expenditures.]

<sup>3</sup> [JBC Staff Division of Child Welfare 2018 Figure Setting Document](#).

<sup>4</sup> [December 2025 Child Welfare Allocation Committee projections](#).

## Expenditure drivers

The Department states that expenditures are difficult to project because rates can be renegotiated at any time and caseloads are unpredictable. Adoption rates spike in November when many counties host National Adoption Month campaigns to finalize adoptions, making it difficult to project caseload prior to the November 1 budget submission.

Expenditures have increased as a result of policy changes driven by an audit from the Child Protection Ombudsman (CPO) in 2017. Prior to the audit, rates were not consistent across counties and were not regularly updated.

## Child Protection Ombudsman 2017 Audit

The Child Protection Ombudsman (CPO) conducted an audit of the adoption assistance program in 2017.<sup>5</sup> Findings included, but are not limited to:

- State law and rules lacked standards and definitions for determining the needs of a child, circumstances of the family, and future needs.
- County practices for adoption assistance assessments, rates, and negotiations were inconsistent.
- There was a lack of evaluation, training, and support for counties.
- Inadequate and inconsistent information provided to families.
- Funding was insufficient to meet the needs of children and families.
- Funding mechanisms restricted the expansion of adoption and forced counties to balance the needs of adoptive children against other child welfare programs.

The Department created a standardized assessment tool for counties to determine the needs of a child and regularly negotiate rate increases as a result of the audit. The General Assembly also moved RGAP from a capped allocation to an entitlement to ensure the benefit was available to all families who qualified, and did not compete with child welfare services.

According to the audit, many counties only connected adoptive families with Medicaid and did not provide other services prior to the standardized assessment tool. The CPO determined that access to services is essential to achieving and maintaining permanency. While adoption is seen as a positive outcome for families, many adoptive children and families need ongoing therapeutic support to address child trauma and prosocial behaviors. The audit states that 75.0 percent of the families the CPO spoke with said they could not secure timely or appropriate behavioral health services for their children.

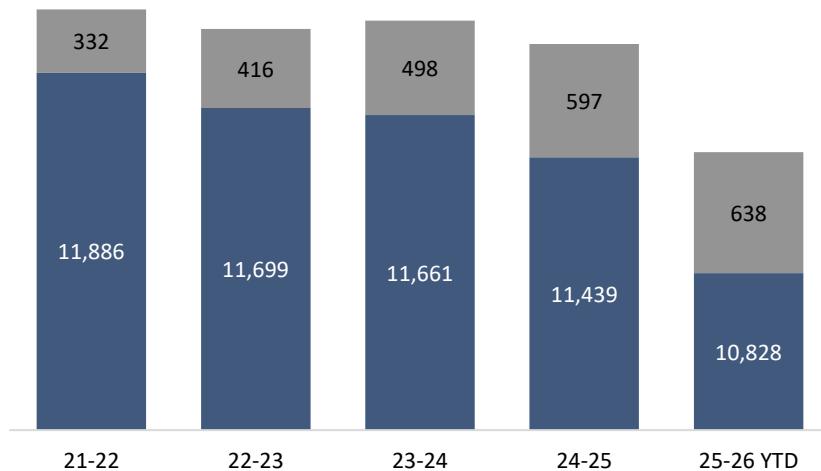
## Caseload

Caseload for adoption and relative guardianship has not increased at the same rate as expenditures. This is a result of increasing daily rates, as well as increased access to benefits and services from the single assessment tool.

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<sup>5</sup> [Child Protection Ombudsman 2017 Adoption Assistance Audit.](#)

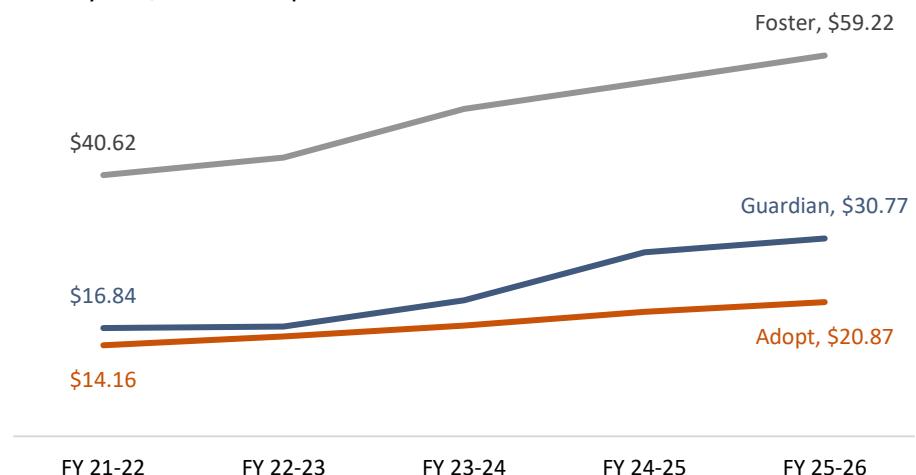
Caseload for adoption and guardianship have been fairly constant or decreased in the time expenditures have increased.



*FY 2025-26 caseloads are year-to-date (YTD) and not a projection of anticipated annual caseload.*

The average daily rate for adoption assistance has increased from \$14.16 in FY 2021-22 to \$20.87 in the current fiscal year. The average guardianship daily rate has increased from \$16.84 to \$30.77 in the same time period. This corresponds to an average annual increase of \$2,449 per child for adoption, and \$5,084 for guardianship.

The average daily rates for adoption and guardianship have increased in recent years, but are required to remain below foster care rates.



## Request

The Department requests an increase of \$8.2 million General Fund from the current appropriation. This reflects a \$5.3 million increase over the FY 2024-25 expenditure. The request is based on the average annual increase for the last four fiscal years (since FY 2021-22). The annual General Fund increase and percent change year-over-year is provided in the table below.

### Annual Change in General Fund Expenditures

Fiscal Year	General Fund Expenditure	Annual Increase	% Change
2018-19	\$21,880,967		
2019-20	21,494,474	-386,493	-1.8%
2020-21	21,807,548	313,074	1.5%
2021-22	22,375,786	568,238	2.6%
2022-23	25,312,892	2,937,106	13.1%
2023-24	32,755,905	7,443,013	29.4%
2024-25	37,512,749	4,756,844	14.5%
2025-26 (Req.)	\$42,764,533	\$5,251,784	14.0%

The year-over-year change for FY 2021-22 is significantly lower than the annual change for the last three years. Staff is concerned that forecasting a trend starting with FY 2021-22 under-estimates the anticipated annual growth for FY 2025-26. The annual growth rate for the last three fiscal years is 19.0 percent.

The Department is authorized to expend the amount necessary to provide the benefit regardless of whether the request is approved. Expenditures come out of the General Fund reserve if the actual cost of the program exceeds the appropriation.

## Recommendation

Staff recommends an increase of \$10.1 million General Fund, or \$1.9 million above the request. The recommendation is based on a three-year average of annual expenditure increases rather than the four-year average proposed by the Department. A three-year average is expected to be a more standard forecasting method, and a more representative sample of recent increases.

Staff agrees that expenditures for RGAP have been unpredictable. Staff has recommended caseload adjustments above Department requests for the last two years, and the appropriations were still over-spent. Staff also agrees that it is necessary to consider program adjustments beginning in FY 2026-27 to control costs. Staff is not recommending program adjustments for the current fiscal year to prevent a sudden and unexpected loss of funding to counties or services for families.

The request and recommendation compared to other options staff considered are provided in the table below.

### Alternative Projection Calculations

Option	General Fund
Request (4-year average annual expenditure increase)	\$8,235,489
Recommendation (3-year average annual expenditure increase)	10,117,680
FY 2024-25 expenditure * inflation	4,289,385
3-year average caseload changes * daily rate	13,257,524

Staff does not have significant concerns if the Committee prefers to approve the Department request. However, staff is more concerned that the request is under-estimating expenditures than over-estimating.

RGAP expenditures may receive up to a 50.0 percent federal funds match depending on the eligibility of the child and the service. The staff recommendation includes fund splits to align with FY 2024-25 actual expenditures. If the staff recommendation is approved, the total appropriation will be 51.0 percent General Fund, 8.3 percent county funds, and 40.7 percent federal funds.

Staff further recommends an increase of \$5.4 million total funds for FY 2024-25 to reflect the prior year over-expenditure. This is standard practice for reflecting over-expenditures in the Department of Health Care Policy and Financing. Adjustments by fund source are provided in the table below.

#### Staff Recommended FY 2024-25 Adjustment

Item	Total Funds	General Fund	Cash Funds	Federal Funds	FTE
Adoption over-expenditure	\$5,387,168	\$3,457,411	-\$715,536	\$2,645,293	0.0
Total	\$5,387,168	\$3,457,411	-\$715,536	\$2,645,293	0.0

Staff intends to continue working with the Department to provide recommendations for FY 2026-27, including evaluating the amount of funding directed to monthly subsidies compared to case services, factors driving increased average monthly costs, and the impact of reducing funding on families and counties.

### FY 2026-27 Legislative Request

The state is statutorily required to reimburse 90.0 percent of county expenditures for RGAP.<sup>6</sup> The County Staffing capped allocation is also reimbursed at 90.0 percent, subject to available General Fund appropriations. The Child Welfare Block and Core Services capped allocations are reimbursed at 80.0 percent, subject to available General Fund appropriations. The reimbursement rate for RGAP was 80.0 percent prior to S.B. 18-254.

Staff included reducing the RGAP reimbursement to 80.0 percent as a budget reduction option during the briefing process. Additional options identified by staff and the Department include:

1. Move case services to a capped allocation.
2. Move case services to the Child Welfare Block without increasing funding for the Block.
3. Cap monthly assistance payments.
4. Reduce the eligible age for youth from 21 to 18.

Of the options identified by Staff and the Department, reducing the reimbursement rate is the only option that does not directly impact access to services or place additional strain on the Child Welfare Block. However, it does address a General Fund shortfall by increasing expenditures for counties.

In absence of the reimbursement change, the General Fund impact of the request in FY 2026-27 would be an increase of \$17.6 million, or an additional \$8.8 million General Fund above the amount assumed in the request.

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<sup>6</sup> Section 26-5-104 (1)(b), C.R.S.

## Appendix A: Numbers Pages

Appendix A details the supplemental changes recommended by staff, including the actual expenditures for the previous state fiscal year, the appropriation for the current fiscal year, and the requested and recommended appropriation changes for the current fiscal year. Appendix A organizes this information by line item and fund source.

**JBC Staff Supplemental Recommendations - FY 2025-26**  
**Staff Working Document - Does Not Represent Committee Decision**

**Appendix A: Numbers Pages**

	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2025-26 Requested Change	FY 2025-26 Rec'd Change	FY 2025-26 Total w/Rec'd Change
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<b>Department of Human Services</b> <b>Michelle Barnes, Executive Director</b>
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**S5 Adoption caseload**

**(3) Office of Children, Youth, and Families**

**(B) Division of Child Welfare**

Adoption and Relative Guardianship Assistance	<u>67,402,312</u>	69,058,088	15,362,478	18,417,185	87,475,273
General Fund	37,512,749	34,529,044	8,235,489	10,117,680	44,646,724
Cash Funds	0	6,905,809	1,554,248	348,939	7,254,748
Reappropriated Funds	0	0	0	0	0
Federal Funds	29,889,563	27,623,235	5,572,741	7,950,566	35,573,801

<b>Total for S5 Adoption caseload</b>	67,402,312	69,058,088	15,362,478	18,417,185	87,475,273
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
General Fund	37,512,749	34,529,044	8,235,489	10,117,680	44,646,724
Cash Funds	0	6,905,809	1,554,248	348,939	7,254,748
Reappropriated Funds	0	0	0	0	0
Federal Funds	29,889,563	27,623,235	5,572,741	7,950,566	35,573,801

<b>Totals Excluding Pending Items</b>					
<b>HUMAN SERVICES</b>					
<b>TOTALS for ALL Departmental line items</b>	2,497,643,957	2,672,891,460	15,362,478	18,417,185	2,691,308,645
<i>FTE</i>	<u>4,281.2</u>	<u>5,567.5</u>	<u>0.0</u>	<u>0.0</u>	<u>5,567.5</u>
General Fund	1,336,428,816	1,322,641,611	8,235,489	10,117,680	1,332,759,291
Cash Funds	301,917,951	462,972,989	1,554,248	348,939	463,321,928
Reappropriated Funds	190,655,544	231,164,954	0	0	231,164,954
Federal Funds	668,641,646	656,111,906	5,572,741	7,950,566	664,062,472

## Appendix B: RGAP Expenditures by County

RGAP expenditures by county for FY 2024-25 are provided in the table below. Expenditures are total funds reported in county close documents provided by the Department. This includes General Fund, county funds, and federal funds. Statewide expenditures are 51.0 percent General Fund, 8.3 percent county funds, and 40.7 percent federal funds.

**FY 2024-25 RGAP Total Funds Expenditures by County**

County	Expenditure	County	Expenditure
Adams	\$10,918,928	Lake	37,246
Alamosa	475,552	Larimer	1,480,299
Arapahoe	5,850,231	Las Animas	662,786
Archuleta	68,512	Lincoln	190,949
Baca	2,161	Logan	1,061,090
Bent	34,917	Mesa	5,482,028
Boulder	2,488,106	Mineral	0
Broomfield	340,025	Moffat	134,387
Chaffee	89,900	Montezuma	236,569
Cheyenne	0	Montrose	1,065,469
Clear Creek	271,988	Morgan	443,129
Conejos	87,996	Otero	425,933
Costilla	357,536	Ouray	0
Crowley	231,186	Park	126,559
Custer	0	Phillips	13,545
Delta	881,886	Pitkin	8,955
Denver	11,905,747	Prowers	100,785
Dolores	13,271	Pueblo	2,931,809
Douglas	1,839,140	Rio Blanco	135,696
Eagle	88,726	Rio Grande	252,158
El Paso	9,075,048	Routt	16,460
Elbert	64,743	Saguache	126,768
Fremont	1,001,914	San Juan	0
Garfield	179,832	San Miguel	84,444
Gilpin	96,127	Sedgwick	0
Grand	100,559	Summit	36,696
Gunnison	55,551	Teller	396,893
Hinsdale	0	Washington	59,615
Huerfano	178,209	Weld	3,859,291
Jackson	3,040	Yuma	69,230
Jefferson	6,881,759	Total	\$73,497,844
Kiowa	47,673	11 Large	\$62,712,386
Kit Carson	71,935	Balance of State	\$10,785,458
La Plata	356,860		