



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 25-1271: FEDERAL BENEFITS FOR YOUTH IN FOSTER CARE

Prime Sponsors:

Rep. Gilchrist; Brown

Sen. Daugherty; Michaelson Jenet

Fiscal Analyst:

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Fiscal note status: The revised fiscal note reflects the reengrossed bill.

Summary Information

Overview. The bill creates new provisions for the management and use of federal benefits for children and youth in foster care, including prohibiting the use of federal benefits to cover the cost of foster care.

Types of impacts. The bill is projected to affect the following areas on an ongoing basis:

- State Expenditures
- Local Government

Appropriations. No appropriation is required.

Table 1
State Fiscal Impacts

Type of Impact ¹	Budget Year FY 2025-26	Out Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29
State Revenue	\$0	\$0	\$0	\$0
State Expenditures	\$0	\$131,017	up to \$1.4 million	up to \$1.1 million
Transferred Funds	\$0	\$0	\$0	\$0
Change in TABOR Refunds	\$0	\$0	\$0	\$0
Change in State FTE	0.0 FTE	1.0 FTE	1.0 FTE	1.0 FTE

¹ Fund sources for these impacts are shown in the tables below.

Table 1A
State Expenditures

Fund Source	Budget Year FY 2025-26	Out Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29
General Fund	\$0	\$109,179	up to \$1.4 million	up to \$1.1 million
Cash Funds	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0
Centrally Appropriated	\$0	\$21,838	\$21,838	\$21,838
Total Expenditures	\$0	\$131,017	up to \$1.4 million	up to \$1.1 million
Total FTE	0.0 FTE	1.0 FTE	1.0 FTE	1.0 FTE

Summary of Legislation

The bill creates new provisions for the management and use of federal survivor benefits for children and youth in foster care by county and state departments of human services, as discussed below.

County Departments of Human Services

Beginning July 1, 2027, a county department of human services must continually determine whether children and youth in foster care may be eligible for federal survivor benefits administered by the Railroad Retirement Board, Social Security Administration, or Veterans Administration. If eligibility is identified, the county department must apply for those benefits on behalf of the child. The county department must also continually review a foster child's representative payee or fiduciary for federal benefits.

If no payee or fiduciary is available, the county must assume the role but cannot use any of the federal benefits to pay for county costs related to providing support to the foster child. The county department must create a trust account for the federal benefits, which must be saved for the future needs of the child. The county department must also provide an annual report to the child, their parents, and their legal counsel on the amount of any federal benefits collected and additional earnings. The county must also give notices about federal benefit applications, decisions, and appeals. When a child leaves foster care, any remaining money in the account must be released to the youth.

State Department of Human Services

By July 1, 2027, the Department of Human Services (CDHS) must develop regulations and guidance for counties regarding the bill's provisions, including benefit eligibility screening, representative payee selection, appeals of denied benefits, and account management.

Background

Federal Benefits

Federal survivor benefits are a monthly benefit for children whose parent(s) are retired, deceased, or have a disability and who are/were entitled to Social Security benefits. The amount of the monthly benefit varies by child, based on the parent and other factors. Currently, county departments may serve as the payee for children and youth in foster care who qualify for federal benefits from the Social Security Administration, the Veterans Administration, or the Railroad Retirement Board. While some counties actively apply for benefits on behalf of children in their care, others do not. When counties apply and are approved as the representative payee, they typically use a portion of the federal benefit to offset the cost of care for the foster child. However, the cost of care often exceeds the amount received from federal benefits, resulting in little to no funds being set aside in accounts for the child.

CDHS estimates that approximately 130 children in foster care receive these federal benefits currently, and that \$843,000 of the federal benefits are used by counties to offset their costs of care.

Assumptions

The fiscal note assumes that 30 percent of the 350 foster youth identified in the child welfare data system (Trails) as having a deceased parent will be eligible to receive federal benefits. As a result, the bill is expected to increase the number of foster youth who receive federal benefits by 105 annually due to the bill's requirement to screen and apply for benefits when eligible.

State Expenditures

The bill increases state expenditures in CDHS by \$131,000 in FY 2026-27 and at least \$124,000 in FY 2027-28 and ongoing. Out-year costs may be up to \$1.4 million in FY 2027-28 and \$1.1 million in FY 2028-29 and future years, assuming state funding is provided to cover county child welfare costs and to offset federal benefits that can no longer be used to cover counties' cost of care. These costs, paid from the General Fund, are summarized in Table 2 and discussed below.

Table 2
State Expenditures
Department of Human Services

Cost Component	Budget Year FY 2025-26	Out Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29
Personal Services	\$0	\$101,229	\$101,229	\$101,229
Operating Expenses	\$0	\$1,280	\$1,280	\$1,280
Capital Outlay Costs	\$0	\$6,670	\$0	\$0
Child Welfare Funding	\$0	\$0	up to \$1.3 million	up to \$1.0 million
Centrally Appropriated Costs	\$0	\$21,838	\$21,838	\$21,838
Total Costs	\$0	\$131,017	up to \$1.4 million	up to \$1.1 million
Total FTE	0.0 FTE	1.0 FTE	1.0 FTE	1.0 FTE

Staff

Beginning in FY 2026-27, CDHS requires 1.0 FTE to develop county guidance, provide policy expertise on federal benefits to CDHS and counties, train counties on new provisions, and monitor county compliance and address technical questions. Standard operating expenses and capital outlay costs are included.

State Share of Child Welfare Spending

As described in the Local Government section below, county costs are expected to increase by about \$1.6 million in FY 2027-28 and \$1.2 million in FY 2028-29 and future years. Assuming that 80 percent of these county costs will be paid by the state through the Child Welfare Services line item, based on the typical cost sharing between the state and county for these services, costs in the CDHS will increase by about \$1.3 million in FY 2027-28 and \$1.0 million in FY 2028-29 and future years.

Centrally Appropriated Costs

Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which may include employee insurance, supplemental employee retirement payments, leased space, and indirect cost assessments, are shown in the expenditure table(s) above.

Local Government

The bill is estimated to increase costs for county human services departments statewide by \$1.6 million in FY 2027-28 and \$1.2 million in FY 2028-29 and future years. These costs, as shown in Table 3 and outlined below, include administrative costs to implement the new requirements for screening and managing federal benefits, as well as increased costs to cover the cost of care without using foster youths' federal benefits. Actual costs will vary by county, depending on the number of foster youth, legal complexity of cases, and overall caseworker capacity. As described in the State Expenditures section above, it is assumed that the state will cover 80 percent of these county child welfare costs.

Table 3
County Costs under HB 25-1271

Cost Component	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Screening and Applications	\$0	\$0	\$415,000	\$153,000
Benefit Accounts	\$0	\$0	\$380,000	\$190,000
Cost of Care	\$0	\$0	\$843,000	\$843,000
Total	\$0	\$0	\$1,638,000	\$1,186,000

Screening and Applications

Statewide, counties are estimated to have costs of \$415,000 in FY 2027-28 to screen for eligibility and apply for federal benefits. After the initial screening, these costs will decrease to about \$153,000 in FY 2028-29 and future years. Additional detail on these costs are provided below.

Of the 7,200 foster children, initial eligibility screenings will occur for about 6,700 youth that do not receive any type of federal benefit currently, with each screening taking on average 1 hour. On an ongoing basis, foster youths will require ongoing screenings, with each screening requiring an estimated 0.5 hours. Screenings will check whether a child has an eligible parent, determine the appropriate representative payee, and review and gather information if the county is the fiduciary. Additionally, 105 youth are expected to qualify for benefits, requiring an average of 6 hours per case to apply for the benefit, monitor and communicate decisions, and appeal denials.

In total, counties will require 10,600 hours of caseworker time at an hourly rate of \$39 in the first year to manage this work. This is expected to decrease to about 3,900 hours in future years to apply for benefits and perform ongoing screenings.

Benefit Accounts

Counties are estimated to have costs of \$380,000 in FY 2027-28 to contract for financial advisors that will support counties in opening and managing accounts for an estimated 235 youths receiving federal benefits (130 youths currently receiving benefits and the estimated 105 youths determined to be eligible after screening). This costs includes the creation of 235 accounts and ongoing financial management of funds at 36 hours per year per account.

In total, this work amounts to 8,460 hours a year at a contractor rate of \$45 per hour. This is expected to decrease to 4,230 hours and \$190,00 in future years, once most of the initial accounts are created.

Cost of Care

Based on CDHS data, counties currently use an estimated \$843,000 annually in federal benefits to offset the cost of foster care for 130 youth receiving federal survivor benefits. The bill removes the ability of counties to use youths' federal benefits to cover these costs, thus increases costs to counties to cover these expenses beginning in FY 2027-28.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State and Local Government Contacts

Child Welfare

Human Services

Counties

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).