

**Testimony**  
**House Bill 1012 – Department of Human Services**  
**Senate Appropriations**  
**Senator Holmberg, Chairman**  
**March 4, 2009**

Chairman Holmberg, members of the Senate Appropriations Committee, my name is Tara Lea Muhlhauser, and I am the Director of Children and Family Services (CFS) in the Department of Human Services. I am here today to provide you an overview of Division of Children and Family Services for the Department of Human Services.

**Programs**

- **Child Protective Services:** provides protection for children who have been or are at risk of being neglected and/or abused. Services provided include child protection assessment, case management, child fatality review, institutional child protection services and child abuse and neglect prevention programs.
  
- **Family Preservation Services:** provides therapeutic intervention to families whose children have been or are at risk of abuse, neglect and out-of-home placement. Services include parent aide, prime time child care, intensive in-home treatment services, respite care, family group conferencing and safety/permanency funds to prevent placement.
  
- **Foster Care Services:** provides a substitute temporary living environment for children who cannot safely remain with their families. Services include recruitment and retention of foster

homes; and licensing and placement services for relative homes, family foster homes, group homes, and residential child care facilities and licensed child placing agencies. This also includes foster care eligibility determination and payment, case planning and reviews, subsidized guardianship, Interstate Compact on the Placement of Children, Independent Living services to assist transitioning youth, including skills assessment, training and stipends.

- **Adoption Services:** provides permanent adoptive homes for eligible children. Services include recruitment, adoption assessment, placement, follow-up services, post adoption services, adoption subsidy, birth family services, adoption search, licensure of child placing agencies, and the Interstate Compact on the Placement of Children for Adoption.
- **Early Childhood Services:** coordinates activities, establishes standards, and provides training to providers of early childhood care and education. Services include licensing, child care resource and referral, providing consultation to the tribes on licensing, and coordination through the Head Start Collaboration Office.
- **Refugee Services:** provides resources to eligible refugees so they can become self-sufficient. Services include job development and employment enhancement, case management, cash assistance, refugee medical assistance, and education.

All these services are **provided either by the county social service agencies or through contracts with non-profit providers** and

they focus on the safety, permanency, and well-being of children and their families.

## **Caseloads**

The number of **Child Abuse and Neglect assessments** completed for FFY 2008 was 4,011.

A caseload decrease can be noted in the **number of children placed in foster care**. The daily snapshot of children in foster care on 12/14/08 was 1,109 children in comparison to the daily snapshot on 12/14/06 which included 1,331 children. This snapshot includes tribal IV-E cases, Division of Juvenile Services (DJS) youth placed in foster care, and pre-adoptive placements. Approximately 29% of these children are Native American (321 children) in the most recent daily snapshot.

As of November 30, 2008, 41 youth were placed out-of-state in institutional care. This number has varied in 2008 from a low of 37 to a high of 50. This number has also continued to decline in the past two years.

The number of foster children gaining permanency through subsidized adoption has increased over the last three years and this trend is projected to continue through the 2009-11 biennium. Of the 110 finalized special needs adoptions in 2008, 86% of these children were adopted by their foster parents. In mid-2008, there were 128 children whose parents' rights had been terminated and who were waiting for a

permanency option of adoption, guardianship or another planned permanent living arrangement.

At current, there are 37 children benefitting from a subsidized guardianship, with five pending. In 2008, there was a total of 48 children in this program during the year, 47 in 2007.

Refugees entering North Dakota from 2000 to 2006 (October 1 – September 30) are as follows:

<u>Year</u>	<u>Number of Refugees</u>
2000	647
2001	367
2002	51
2003	111
2004	223
2005	225
2006	182
2007	400
2008	425

These numbers do not include secondary migration refugees who resettle in other states and move to North Dakota, which averages about 165 each year. The numbers increased quite dramatically in 2007-2008 in ND and nationally due to the numbers of increased arrivals supported by the US Department of State. It is anticipated the arrivals will be maintained at this level over the next few years.

### **Trends/Issues/Accomplishments/Major Program Changes**

CFS continues to place emphasis on safety, permanency and well-being of children across all programs in the division. **Family preservation programs** and **involvement of relatives and kin**

when children are in need of placement, during service delivery and during reunification efforts are central to our work in achieving this emphasis. This past September, a new federal law, P.L. 110-351 "Fostering Connections" brought us several new federal requirements related to notification of relatives when a child is placed in care, and guidance for involving school, medical providers, relatives and other services providers in providing a comprehensive plan for a child while in care, and at the time of transition to adulthood from care.

The second **Federal Child and Family Services Review (CFSR) took place in April 2008**. Although completed, we have not yet received the final report from this review. Based on information from the Exit Interview with the federal team, and from the preliminary report given to us last month, we did not reach "substantial conformity" (e.g. we did not pass). No state has yet passed the CFSR in either the first or second rounds of these federal reviews. We were noted in this round to have many strengths and a few challenges that will require a Performance Improvement Plan (PIP). The first Federal CFSR Review was completed in September 2001. Though North Dakota received the highest rating in the nation in that first review, all 50 states and two territories were found to be deficient and were required to negotiate a Program Improvement Plan (PIP). North Dakota successfully completed this program improvement plan in 2006.

In August 2008, North Dakota successfully "passed" the **Federal IV-E Audit**. Official notification of this is forthcoming; this official notification will provide us with additional information on how many cases were found to be in error. This audit is conducted every three

years. North Dakota successfully passed this audit in 2005 with only one error found in the 80 cases under review. In both the 2005 and 2008 audits around the nation, there were a number of states that did not achieve “substantial conformity” in these audits. Fiscal sanctions are applied when cases are found in error.

**Family Preservation** programs and prevention services (to prevent child abuse and neglect or to prevent child placement) continue to be a primary focus of the work of CFS. Foster care placements are down, when placements occur we have increased the number of children placed with relatives, and we have placed emphasis on reunification efforts to keep child connected with families and in close proximity to relatives.

The Village Family Services, in collaboration with the Department, was awarded a grant from the Bush Foundation to provide **Family Group Decision Making** in the State of North Dakota. These services have been available to county social services, the Division of Juvenile Services and the tribes. This service brings family members to the table to develop a plan for children who are either in foster care, at risk of being placed in foster care, or children who are being cared for by their extended family. This also brings significant people in the life of the child(ren) together to discuss how to maintain and build family connections. As of March 1, 2006 (through September 2008), Family Group Decision Making has had 352 referrals, with 225 completed conferences. As of December 2008, 235 families (including 327 children) have been served by this program.

Over the past two years we have worked very hard with our IT partners to develop a new component to our **child welfare data system**. This will allow us to take the current individual program applications, streamline and connect them. This will reduce duplication and create ease in using all the programs developed for safety, permanency and well-being together; enhancing program and data links. This will also support the generation of more usable data to assist with data-driven decision making for child welfare programs in the Division. This new component is in the testing phase now and will be ready for the counties to use for all child welfare programs in August 2009.

There are still significant challenges in the **availability of quality child care** across the state. In 2000, 90.1% of all North Dakota children lived with both parents or with a single mother, the largest proportion in the nation. In addition, the proportion of North Dakota mothers (with children ages 0 to 17) in the labor force was 81.2% in 2000, the 2nd highest proportion nationwide. The proportion of working mothers is slightly smaller for mothers with young children ages 0 to 5 (76.1%), but rises to 84.9% for mothers with older children (ages 6 to 17). Current national and state-level 2006 data indicate that these proportions have changed little since 2000. This has created a demand for assurances of quality and safety in childcare settings and the need to provide training opportunities for this 10<sup>th</sup> largest workforce industry in North Dakota. This industry includes workers in home-based and center-based care settings.

## Overview of Budget Changes

Description	2007 - 2009 Budget	Increase / Decrease	2009 - 2011 Budget	House Changes	To Senate
Salary and Wages	2,140,960	548,707	2,689,667	(23,614)	2,666,053
Operating	5,746,214	(22,613)	5,723,601	(28,407)	5,695,194
Grants	113,233,761	4,852,747	118,086,508	(1,234,504)	116,852,004
Total	121,120,935	5,378,841	126,499,776	(1,286,525)	125,213,251
General Funds	21,918,091	4,755,429	26,673,520	(445,000)	26,228,520
Federal Funds	81,146,301	(1,003,487)	80,142,814	(661,578)	79,481,236
Other Funds	18,056,543	1,626,899	19,683,442	(179,947)	19,503,495
Total	121,120,935	5,378,841	126,499,776	(1,286,525)	125,213,251
FTE	17.0	1.0	18.0	-	18.0

### Budget Changes from Current Budget to Executive Budget:

- The Salary and Wages line item increased by \$548,707 and can be attributed to the following:
  - \$234,044 in total funds of which \$109,478 is general funds to fund the Governor's salary package for state employees.
  - \$308,496 in total funds all of which are general funds to process background checks for childcare providers. Included are 4 temp staff, a .5 FTE Administrative Assistant position, and a .5 FTE Program Administrator position. It is anticipated that this group will process 9,000 background checks each year of the biennium.



- The remaining \$6,167 is a combination of increases and decreases needed to sustain the salary of the 18.0 FTE in this area of the budget.
- The Operating line item decreased by (\$22,613) and is a combination of the increases and decreases expected next biennium. Some of the significant changes are as follows:
  - A decrease in the county wide cost allocation fees (\$644,053), due to contract negotiations with the vendor.
  - An increase in the Adoption Services contract, permanency for children who cannot return home, \$328,887. Currently serving more children than outlined in the performance based contract and additional funds are needed to meet the anticipated demand for the 2009-2011 biennium.
  - An increase in the Family Preservation Services contract, in-home services designed to keep families together, for the 7%/7% provider inflation included in the Governor's budget - \$169,589.
  - An increase in printing costs of \$25,009 for printing projects for the Head Start and Early Childhood Services programs as well as to accommodate the 9% annual increase for OMB during the 2009-2011 biennium.
  - An increase in professional development of \$60,849 which includes \$57,600 for a \$50 daily rate increase for those participating in the CFS reviews as increasing the number of reviewers from 8 to 12. The daily rate increase will aid in recruiting an adequate number of qualified staff to participate in the reviews.

- The Grants line item increased by \$4,852,747 which can be attributed to the following:
  - Subsidized adoption is projected for 992 children per month for a total program increase of \$4,210,886 of which \$1,669,619 is general fund.
  - A decrease in the Foster Care caseload of 347 cases per month from the 2007-2009 biennium is offset by; the rate increase for family foster homes for the MARC Report (Minimum Adequate Rates for Children), which established guidelines for the payment of family foster homes, these providers will receive an increase from 23% to 46% depending on the age of the child placed in their home and will aid in the recruitment and retention of family foster homes, funding changes due to elimination of Targeted Case Management for foster care as a billable service to Medicaid, and the 7% inflationary increase for foster care providers each year of the biennium for a overall program decrease of (\$1,898,323) of which \$27,302 is general funds.
  - The 7% inflationary increase for family preservation services for each year of the biennium totals \$584,957 of which \$479,664 is general funds.
  - Increase of \$708,511 of which \$241,555 is general funds for 25 additional child abuse and neglect assessments per month.
  - The 7% inflationary increase for Child Abuse Services for each year of the biennium totals \$558,513 all of which are general funds.

- An additional \$300,000 was added to expand family preservation services to the Standing Rock and Spirit Lake Tribes.
- Attachment A lists the major grants and describes how the foster care budget has been developed.

### **House Changes:**

- The House underfunding of salaries for anticipated savings from vacant positions and employee turnover for this area of the budget is \$7,754 general fund and \$15,860 federal/other funds for a total of \$23,614.
- The changes in operating are due to the House reduction of 50% of the department-wide travel increase, the CFS share of this decrease is \$3,706 in total funds; \$1,054 general fund, and the reduction of the inflationary increase for providers from 7% and 7% to 6% and 6% resulting in a decrease of \$24,701 all of which are general fund in the operating fees and services line.
- The House reduction for inflationary increases from 7% and 7% to 6% and 6% for providers resulted in a decrease of \$1,234,504 in the grants line of which \$411,491 is general fund.

This concludes my testimony on the 2009 – 2011 budget requests for CFS. I would be happy to answer any questions.

**Children and Family Services**  
**Attachment A**

**Listing of Major Grants:**

- Child Abuse and Prevention Activities: (\$2,100,000)
- Independent Living Program: (\$1,100,000)
- Refugee payments: (\$4,000,000)
- Child Care licensing payments to counties: (\$700,000 includes inflationary increase of 7% and 7% per year)
- Child Care Quality grants to nonprofit entities: (\$3,200,000)
- Child Abuse/Neglect Assessments by counties: (\$5,800,000 includes inflationary increase of 7% and 7% per year)
- Reimbursement to counties for Administration of Child Welfare Programs: (\$12,600,000)
- Family Preservation grants: (\$6,600,000 includes inflationary increase of 7% and 7% per year).
- Training of child welfare professionals and family foster parents through the UND School of Social Work, a stipend-training program for future child welfare professionals and a contract with the Native American Training Institute: (\$1,900,000)
- Subsidized Adoption grants is budgeted for an average of 992 children per month for an average cost per child of \$760 (\$18,100,000)
- Foster care grants to family, residential child care facility providers, group homes, therapeutic foster care providers and subsidized guardianship services (59,400,000 which includes an inflationary increase of 7% and 7% per year)

**The foster care budget is built with the following trend data:**

- Average number of children in family homes - 523 per month; average cost per child – \$1,715 per month.
- Average number of children in RCCF/GH – 252 per month; average cost per child - \$4,818 per month.
- Average number of children in therapeutic foster care - 242 per month; average cost per child - \$1,111 per month.
- Foster care services – 196 children per month; average cost per child of \$553.
- Subsidized Guardianship - 40 children per month; average cost per child - \$477 per month.