

Testimony
HB 1012 – DEPARTMENT OF HUMAN SERVICES
SENATE APPROPRIATIONS
Senator Holmberg, Chairman
March 1, 2005

Chairman Holmberg, members of the Senate Appropriations Committee, I am Paul Ronningen, Director, Children and Family Services of the Department of Human Services. I am here today to provide you an overview of the budget area for the Division of Children and Family Services.

The Division of Children and Family Services oversees the following major program areas:

- **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, and safety/permanency funds.

- **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 assessments, case management, child fatality review panel, institutional child protection services and child abuse and neglect prevention.

- **Foster Care Services**

Provides a substitute temporary living environment for children who cannot safely remain with their families. Services include licensing for family foster homes, group homes, and residential child care facilities and licensed child care placing agencies for foster care; foster care eligibility

determination and payment, case planning and reviews; subsidized guardianship; Interstate Compact on the Placement of Children; independent living skills assessment, training and stipends.

- **Adoption Services**

Provides permanent adoptive homes for eligible children. Services include recruitment, adoption assessment, placement, follow-up services, post-finalization services, adoption subsidy, birth family services, adoption search, licensure of child placing agencies, and the Interstate Compact on the Placement of Children for Adoptions.

- **Early Childhood Services**

Coordinates activities, establishes standards, and provides training to providers of early childhood care and education. Services include licensing, childcare resource and referral, tribal consult, and 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.

These services are provided either by the county social services or through contracts with non-profit providers and they focus on safety, permanency, and the well-being of children and their families.

Background:

The delivery of child welfare services in North Dakota has historically been very solid based on previous federal case reviews and fiscal audits conducted during the past two decades. However, the Children's Bureau,

Health and Human Services, during September 2001, conducted a Child and Family Services Review in North Dakota and the other 49 states and two territories.

The following is a synopsis of the findings:

- **All 50 states and the two territories were reviewed. All were found to be “not in substantial conformity” and were required to develop and implement a program improvement plan.**
- **Though North Dakota ranked near the top in this review, the review highlighted the following concerns:**
 - **Item 2. Repeat Maltreatment. North Dakota’s incidence of repeat maltreatment for Federal Fiscal Year (FFY) 1999 (11.7%) was higher than the national standard of 6.1 %.**
 - **Item 4. Risk of Harm to Child. In 22% of the cases, reviewers determined that the risk of harm to children was not adequately addressed.**
 - **Item 5. Foster Care Re-entries. 16.3% of the children entering foster care in North Dakota during Federal Fiscal Year (FFY) 1999 were re-entering care within 12 months of discharge from a prior foster care episode. This exceeds the national standard of 8.6%.**
 - **Item 17. Needs and services of child, parents, and foster parents. In one-fourth of the cases reviewed, reviewers determined that the agency had not adequately met the services needs of children, parents, and foster parents.**
 - **Item 19. Worker visits with the child. In 22% of the cases, reviewers determined that visits between the workers and the children did not meet State policy recommendations and/or were not sufficient to ensure children’s safety and well-being.**

- **Item 23. Mental health of the child. Reviewers indicated that in 20 % of the applicable cases, the child's mental health services needs were not adequately addressed.**

The Department of Human Services submitted a program improvement plan (PIP) to Administration of Children and Families (ACF) that was approved in November 2003. In addition, the Division of Children and Family Services is submitting quarterly reports to ACF until the spring of 2007 when another federal Child and Family Services Review will be conducted. Based on the 2007 review, fiscal penalties may be assessed if the state does not make sufficient progress in improving child welfare outcomes.

County directors have asked the Department to specify our expectations for delivery of child welfare services in North Dakota. The following guidance was provided to the County Directors Association in June 2004.

- **Counties will maintain a workforce that is sufficiently funded, staffed, and trained to complete the duties for which they carry responsibility.**
- **Staff and supervisors will follow state policies in carrying out their responsibilities.**
- **Staff will utilize the "wraparound process" in planning for and delivering services and will enter the family treatment plan on the Single Plan of Care computer system.**
- **Supervision will be provided by a licensed social worker who is certified in child welfare.**

To facilitate the accomplishment of these expectations, the Department:

- **Conducted a workload analysis for child welfare case management, and provided a final report to the County Directors Association. This analysis suggested the following:**
 - **County Social Services should adopt proactive supervision, (management by data) to more aggressively manage their cases.**
 - **County Social Services should establish and maintain a system of “balanced workload” which includes caseload standards for Intake, Assessment, and Wraparound Case Management.**

- **Proposed legislation (SB 2149) that will enable counties to petition the Department to be “de-designated” as the delivery system for child welfare services in their county, and will allow the Department the option of choosing to withdraw the designation of counties whose performance is substandard.**

- **Will finalize the reimbursement system for paying counties for case management activities based on their cases being entered electronically into the Single Plan of Care computer system. This will assure a more comprehensive and collaborative approach to meeting the needs of vulnerable children. In addition, it will enable the state to maximize federal funding streams and will create a system to collect uniform outcome data.**

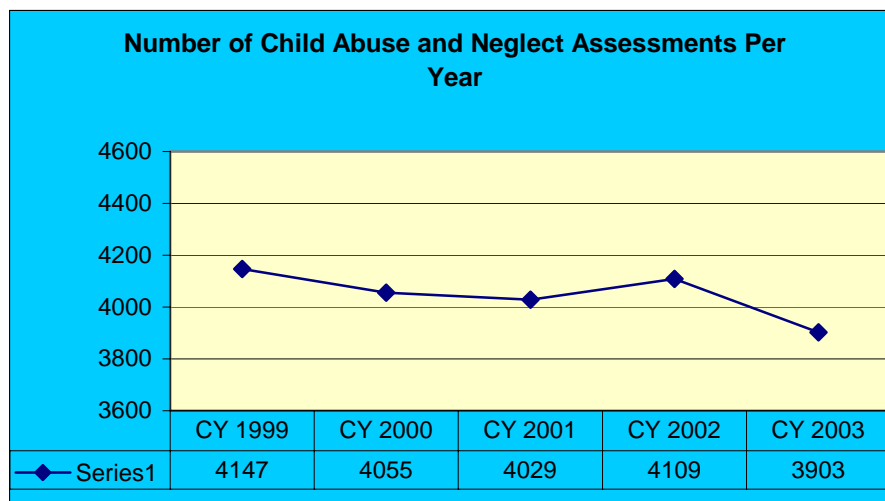
Major Program Trends:

The following items are impacting the delivery of child welfare services in North Dakota:

- **Methamphetamine use, abuse, and/or manufacturing is an issue with a minimum of 15% of the families that now have children entering foster care. These cases are reported to consume a considerable amount of case management time for staff and present additional concerns for social worker regarding health and safety. (It should be noted that alcohol is by far, the most significant drug impacting the child welfare system.)**
- **Children are lingering in foster care due, in part, to lack of access to lower levels of care and possibly insufficient numbers of case managers deployed by the child welfare system.**
- **Some counties are expressing a concern that they are not able to effectively deliver child welfare services to their counties. They cite very low or high caseloads and supervisors who do not have a child welfare background, training or certification in child welfare. In addition, counties cite the liability of trying to deliver these complex services in a rural area with limited training for law enforcement, states attorney offices and their staff.**

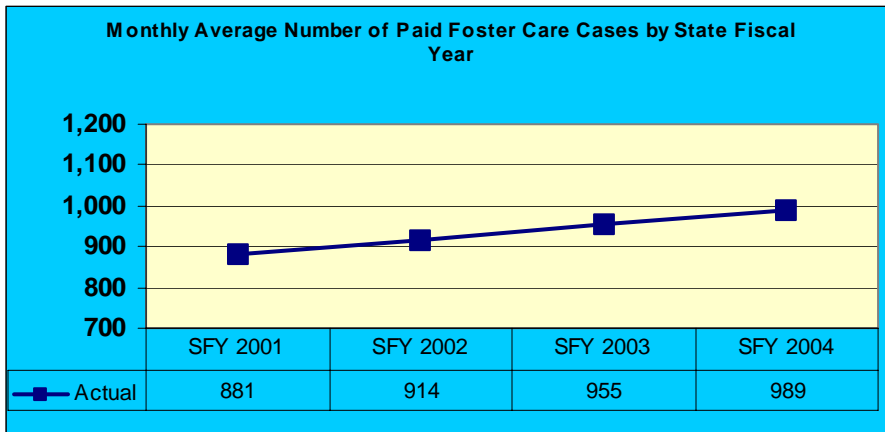
Child Protective Services:

The number of child abuse and neglect assessments has remained relatively steady over the past few years.

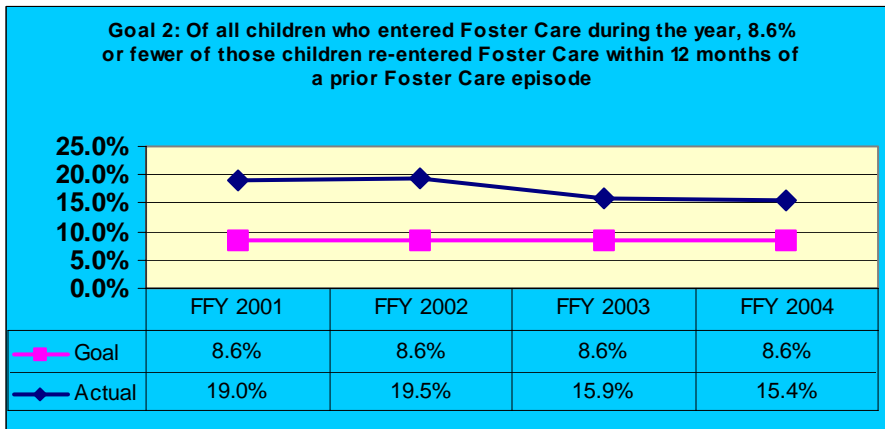


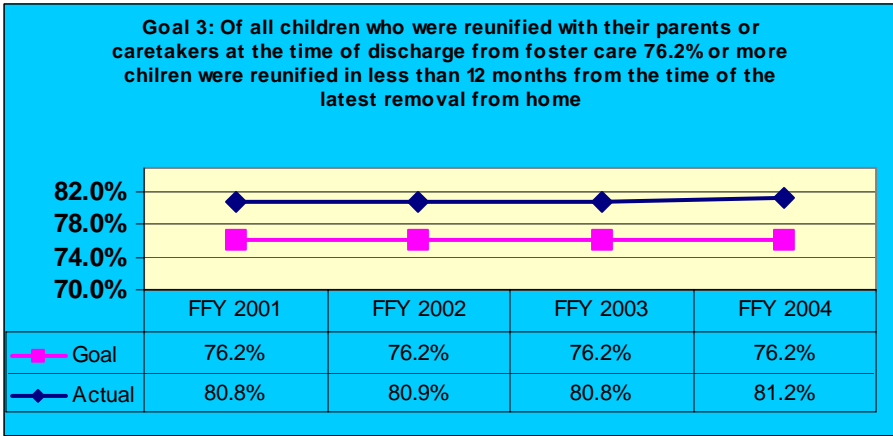
Foster Care Services:

The number of children in North Dakota continues to decline while our foster care caseload has increased for the past four years. The impact of methamphetamine use, manufacturing and selling has had a dramatic impact on children being placed into foster care. Alcohol, however, continues to be the number one drug that impacts the child welfare system.



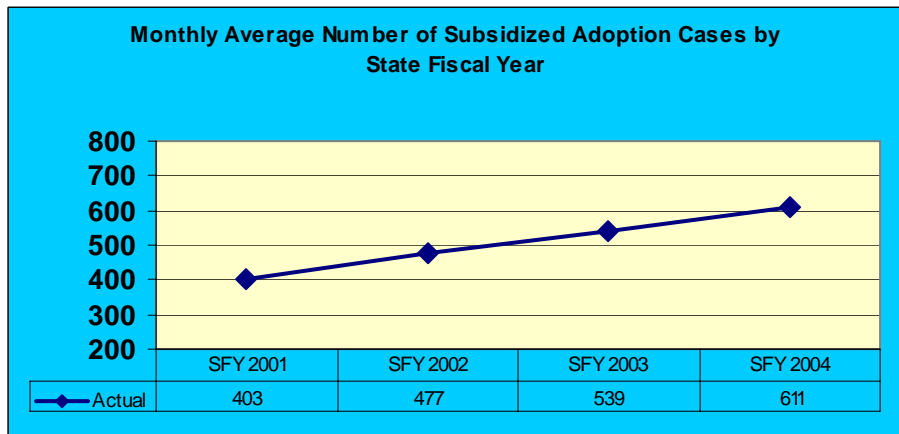
For foster care, the Department is tracking two national standards. The first looks at re-entry into foster care, while the second evaluates the timeliness to reunification of children with their families.



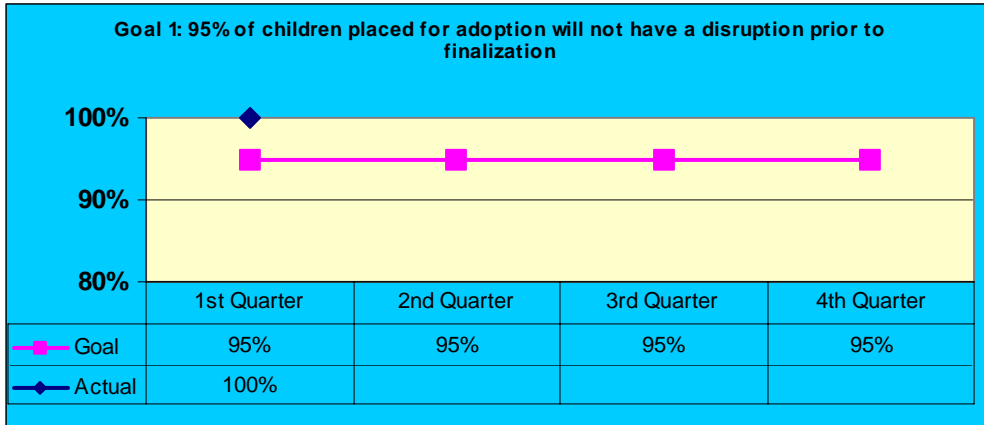


Adoption Services:

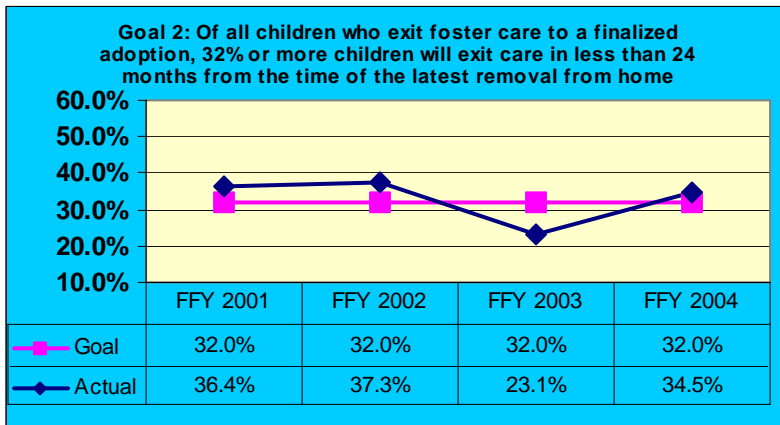
Since the passage of the Adoption and Safe Families Act (ASFA), the number of children achieving permanency through adoption continues to increase at a significant rate:



The next two charts illustrate two outcome measures that are being tracked for adoption. They measure permanency, (ie. are there any disrupted adoptions prior to finalization?) and timeliness to adoption.



SFY 2005



Overview of budget changes:

	2003-2005 Budget	Increase/ Decrease	2005-2007 Request	House Changes	Request to Senate
Salaries	1,801,504	48,465	1,849,969	(25,890)	1,824,079
Operating	1,681,973	(89,720)	1,592,253	(2,201)	1,590,052
Grants	99,678,906	10,069,471	109,748,377	(945,850)	108,802,527
Total	103,162,383	10,028,216	113,190,599	(973,941)	112,216,658
General	14,562,158	3,670,672	18,232,830	(225,251)	18,007,579
Federal	76,338,582	3,168,481	79,507,063	(679,313)	78,827,750
Other	12,261,643	3,189,063	15,450,706	(69,377)	15,381,329
FTE's	17	0	17	0	17

Budget Overview:

- **Salary Budget: \$1,849,969** - This represents an increase of \$20,198 in general funds and \$28, 267 in federal funds.
 - The Division has 17 FTEs and one COE student that will work an average of 93 hours per month. With the Governor's salary package of \$114,052, the salary line item for CFS will increase by \$48,465.
- **Operating Budget: \$1,592,253** - which is an overall decrease of \$89,720. This represents a decrease of \$46,529 in general funds and a decrease of 43,191 in federal/other funds. Major changes in operating include:
 - **Travel Costs** increase by \$55,000. The travel increases are primarily due our increased activities with the Child and Family Service reviews, increased interaction with the field and paying others to participate in training.

These travel costs are associated with training providers, county and human service center staff in the various service areas (Child Protection, Foster Care, Adoption, Childcare, Head Start Collaboration Office, Independent Living Services and Family Preservation Services). These costs along with travel expenses for licensure review of foster care facilities and expenses to attend conferences and federally mandated meetings due to our acceptance of federal funding are \$288,350.

- **Operating Fees and Services** decrease by \$94,252 for a total line item of approximately \$967,000. The reduction is due to a combination of decreased needs or costs in the operating area.

Overall, the operation fees and services costs consist of:

- **Reimbursement to counties**
- **Consultation contracts and speaker fees**
- **Background checks**

The remainder of the operating costs includes other typical office operational costs such as office supplies, printing, and staff travel.

- **Grants Budget \$109,748,377**
 - **The grants budget (See Attachment A) is increasing by \$10,069,471, of which \$3,613,374 are general funds due to:**
 - **Change in FMAP (Federal Medical Assistance Percentage)**
 - ✓ **Foster Care increase of \$800,000 in general funds**
 - ✓ **Subsidized Adoption increased by \$200,000 in general funds**
 - **Change in case loads**
 - ✓ **Foster Care increases by \$1,000,000 in general funds and \$4,800,000 in federal/other for a total increase of \$5.8 million.**
 - ✓ **Subsidized Adoption increases by \$500,000 in general funds and \$500,000 in federal funds for a total increase of \$1 million.**
 - **Provider inflation**
 - ✓ **Foster Care increases by \$500,000 in general funds and \$1,400,000 in federal/other funds for a total increase of \$1,900,000.**
 - ✓ **Subsidized adoption did not have any increases for provider inflation.**

➤ **Provider costs:**

- ✓ **Foster Care increases by \$200,000 in general funds and \$1,600,000 in federal/other funds for a total increase of \$1,800,000 million.**
- ✓ **Subsidized Adoption increases by \$200,000 in general funds and \$800,000 in federal/other funds for a total increase of \$1.0 million.**

House Changes

- **Salaries were reduced by (\$20,000) as a part of the overall salary under funding department wide. An additional reduction was made of (\$5,890) to fund the salary increase at 3% and 4% rather than at 4% and 3% as recommended in the Governor's salary package.**
- **The House reduced the Department's Program and Policy Management Subdivision's overall operating budget by \$50,000 in general funds. Of this, \$2,201 was allocated to Children and Family Services Division.**
- **The Grants line item was adjusted in the following way:**
 - **\$750,000 of federal authority was removed.**
 - **The service cap for Residential Child Care Providers was raised from \$11.51 to \$14.15 per day. Thus, \$50,008 of general fund and \$348,248 of other funds was added to the CFS budget.**
 - **Foster Care and Subsidized Adoption were reduced by a total of \$594,106 of which \$250,000 is general fund. This reduction under funds the foster care budget by 15 children per month for the full biennium. (See Attachment B for Current and Projected Case loads.)**

The Division of Children and Family Services continues to maximize general fund dollars in the delivery of child welfare services. For every 16 cents of general fund, the Division is able to capture 84 cents in federal/other funds that are then invested directly into North Dakota's economy.

This concludes my presentation on the budget for the Division of Children and Family Services. Are there any questions?

Attachment A

Listing of Major Grants:

- **Child Abuse and Prevention Activities: (\$1,200,000)**
- **Independent Living...(payment to youth): (\$1,100,000)**
- **Refugee payments: (\$3,800,000)**
- **Child Care licensing payments to counties: (\$630,000)**
- **Child Care Quality Grants to nonprofit entities: (\$4,500,000)**
- **Child Abuse/ Neglect Assessments by counties: (\$3,500,000)**
- **Reimbursement to Counties for Admin. Costs: (\$11,500,000)**
- **AASK Special Needs Adoption Contract: (\$1,900,000)**
- **Family Preservation grants to counties: (\$7,900,000)**
- **Training of Child Welfare Workers through UND School of Social Work Stipend Program, UND Children and Family Services Training Center and the Native American Training Institute: (\$2,100,000)**
- **Subsidized Adoption Grants is budgeted for an average of 782 children per month for an average of \$584 per child (\$10,970,000)**
- **Foster Care Grants to family, residential child care facility providers (RCCF), residential treatment center providers (RTC), Group Homes, Therapeutic Foster care, foster care services and subsidized guardianship services. (\$58,100,000 which includes an inflationary increase of 2% & 2% per year)**

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

- **Average number of children in family homes - 675 per month; Average cost per child - \$712 per month.**
- **Average number of children in RTC/RCCF/GH - 450 per month; Average cost per child - \$2,928 per month.**
- **Average number of children in therapeutic foster care - 230 per month; Average cost per child - \$2,392 per month.**
- **Foster Care Services – 250 children with an average cost per child of \$378 per month.**

- **Subsidized Guardianship – 44 children with an average cost per child of \$505 per month.**

Attachment B

CHILDREN & FAMILY SERVICES CASELOADS				
	FOSTER CARE			
	Room & Board			
	Family Homes	Facilities	Therapeutic (PATH)	Subsidized Adoption
CURRENT BIENNIUM BUDGETED AVERAGE CASELOAD	642	370	207	635
CURRENT BIENNIUM ACTUAL PROJECTED AVERAGE CASELOAD	676	415	215	642
2005-2007 BIENNIUM BUDGETED AVERAGE CASELOAD	675 ¹	450 ²	230 ³	782 ⁴

¹ The current trend for Family Homes shows minimal change.

² From 2001-2003 to 2003-2005 the Facilities caseload increased 8%, that trend is expected to continue.

³ The increased bed capacity for Therapeutic is for the Step Down program.

⁴ Subsidized Adoption is budgeted to have an average increase of 6 kids per month.