

**MINUTES OF THE
SOCIAL SERVICES APPROPRIATIONS SUBCOMMITTEE**

Room 30 House Building, State Capitol Complex

TUESDAY, JANUARY 31, 2012

MEMBERS PRESENT: Sen. Allen M. Christensen, Co-Chair
Rep. Bill Wright, Co-Chair
Rep. Bradley G. Last, House Vice Chair
Sen. Patricia W. Jones
Sen. Luz Robles
Sen. Todd Weiler
Rep. Jim Bird
Rep. Rebecca Chavez-Houck
Rep. David Litvack
Rep. Daniel McCay
Rep. Kraig Powell
Rep. Evan Vickers
Rep. Larry B. Wiley

MEMBERS EXCUSED: Sen. Margaret Dayton
Sen. Peter C. Knudson
Sen. Wayne L. Niederhauser
Rep. John Dougall
Rep. Ronda Rudd Menlove

STAFF PRESENT: Mr. Russell Frandsen, Fiscal Analyst
Mr. Stephen Jardine, Fiscal Analyst
Mrs. Diane Pope, Secretary

NOTE: A copy of related materials and an audio recording of the meeting can be found at www.le.utah.gov
A list of visitors and a copy of handouts are filed with the committee minutes.

Vice Chair Last called the meeting to order at 8:15 am.

1. Public Testimony on Child and Family Services Budget

Mr. Eric Bjorklund, President, Utah Youth Village, and Ms. Becky Otsuka,, filling in for Ms. Vicki Goodman, President, spoke on behalf of the Youth Providers Association which is the group of providers that contract with DCFS to take care of children in out-of-home care. Ms. Otsuka expressed concern about the cost of serving these youth and the current inadequacy of the rates providers are receiving.. They recently renewed their contracts but didn't foresee that their rates would be so much lower than standard Medicaid rates. There is also now a huge administrative cost associated with these payments. Ms. Otsuka also noted that these services are very important to the youth they provide services for, especially in regards to mental health needs. Her concern is that the Subcommittee address the Medicaid rates and continue to support providers in the private industry.

Mr. Bjorklund pointed out that DCFS is one of the leanest DCFS organizations in the country and that Utah has the fewest number of out-of-home children per capita. He pointed out that the auditors indicated that DCFS should be doing more in-home care to contain costs. Mr. Bjorklund agrees with this assessment. He stated that Utah Youth Village is not only a residential provider

but also an in-home case management provider. They provide in-home services to about 350 families each year. About half of those services are provided free with the services being paid for by the board of trustees; taxpayers are not paying for them. Utah Youth Village works to keep kids in school. They go into the home and help parents to be better parents. Mr. Bjorklund reminded the Subcommittee that in 2008, the Legislature cut most of the funds for in-home services. He stated that DCFS is coming around to adding those services back in now. Mr. Bjorklund asked that the Subcommittee continue to support in-home services for families that need help. Mr. Bjorklund also noted that they, as providers, are being paid five percent less than what Medicaid says they should be paid and that Medicaid is not a lucrative rate for anybody. Mr. Bjorklund pointed out that in order for companies to stay viable, DCFS needs to continue to be funded without cuts. He added that when the Subcommittee starts making arbitrary cuts to DCFS they are taking on the liability for not helping these children and that the State is literally the parent of these children. He requested the Subcommittee work with DCFS and support them in their needs.

Co-Chair Christensen said that when a child is taken out of the home, it's pretty clear they need to be removed, but asked Mr. Bjorklund what children are acceptable for in-home treatment versus those that are not.

Mr. Bjorklund indicated that children go through triage by case workers and risk factors are considered. He indicated that at Utah Youth Village they look for parents that are highly motivated to make change within their home. He stated that parents with at risk kids are highly motivated to make things better in their family even when they are somewhat dysfunctional. The secret is to work with the highly motivated parents because the kids are not motivated to change their behavior. He said the system spends a lot of time and money focusing only on the children. Mr. Bjorklund said that the in-home service models are evidence-based and take advantage of the parent's motivation. If even one or two changes are made by the parent, there is a cascading effect on every child in the home. He pointed out that if you can keep a child out of the State's custody, there is a huge cost savings.

Sen. Jones asked what kind of training is required for in-home services, what is the caliber of those individuals that are providing in-home help.

Mr. Bjorklund answered that there are different modalities of in-home services - stating that some therapists are quite clinical in approach. These therapists would require a masters degree and licensing and would provide therapy in the home. He pointed out that most of the "therapists" at Utah Youth Village are skills-based with a bachelor's degree and do not have a clinical degree. The focus instead is on parenting skills. He stated that there is a lot of supportive research on teaching specialists to teach parents.

2. Unfinished items from Previous Agenda

None.

4. Budget Brief - Division of Child and Family Services

Mr. Jardine presented the budget brief for the Division of Child and Family Services (DCFS). By statute, DCFS is to provide child abuse prevention services, child protective services, shelter

care, foster care, residential care, adoption assistance, health care for children in state custody, family preservation, protective supervision, and domestic violence preventative services. The legislative action recommended by the Analyst includes approving a FY 2013 budget of \$155,945,900 and forwarding to the Executive Appropriations Committee for further consideration several pieces of intent language regarding non-lapsing carry-forward funds and the development of a replacement case management system known as SAFE. The Fiscal Analyst also recommended transferring \$2,260,400 General Fund one-time from DCFS to the Division of Services for People with Disabilities Community Supports Waiver program for FY 2012.

Rep. McCay asked for clarification on what is the amount of carryover and what percentage of these funds are to be transferred.

Mr. Jardine answered that it was one-time funds for specific expenditures and referred to a previous issue brief reviewed on January 25, 2012 regarding Human Services Related Revenue Options. The amount is approximately \$15 million. The \$2.3 million would come from this.

Rep. Vickers asked how important is the waiver program and why aren't the waivers being accounted for somewhere else. He also wanted to know if the Subcommittee would have to find money for the waivers in ongoing funds.

Mr. Jardine indicated that everything to be used in FY 2012 is considered one-time money. The department will have to deal with future funding for the waiver in its FY 2013 budget request, which it has, and the Governor has recommended. The ongoing funding will have to be approved by the Subcommittee later.

Co-Chair Christensen indicated the Subcommittee had two choices; don't address the issue with anything or ask for ongoing funds. The waivers are a critical program in the changes being made.

Mr. Palmer DePaulis, Executive Director, Department of Human Services, said these one-time funds are actually a good indicator that the program is well-managed or the money never would have been saved. Part of the savings came from their hiring freeze. Another savings came with the increased use of in-home services which is a savings over out of home services.

Mr. Mark Ward, Deputy Director, DHS, indicated that of the \$7.8 million in non-lapsing balances they are proposing to use \$2.2 million of it to assist the Division of Services for People with Disabilities, \$1.9 million of it to kick start the in-home program that will bring cost savings to pay for itself eventually, \$292,600 of it for paying out leases and the balance of the money is to be reserved for potential increases in caseload and to deal with federal reductions.

Vice Chair Last asked how they typically handle the variation of services and wanted to know if they have had a reserve account in the past.

Mr. Ward said they have had a reserve account for the past five years to handle increases in services. It's one time that's been carried from year to year.

Sen. Jones asked if they are saying that the balance is used as a rainy day fund. She felt the department should be rewarded for their efforts.

Mr. Ward indicated they could make investments now, like the modernization of the SAFE system and increasing the in-home services, that will have savings in the future.

Sen. Jones asked Mr. Ward to give the Subcommittee an example of some things that are going to save Utah money in the long run.

Mr. Ward answered the Division has already reduced the number of kids placed in foster homes and residential care. They want to standardize the program state-wide as recommended in the audit.

Sen. Jones asked what percentage of funds are saved by supporting in-home services over out-of-home.

Mr. Brent Platt, Division Director, DCFS, answered Sen. Jones. He indicated that it depended on the level of the care and the length of that care.

Ms. Cozette Mills, Federal Revenue Manager, DCFS, said that costs can be calculated many different ways. If the DCFS looks at total expenditures divided by the number of clients served, the cost for foster home care would be about \$18,000 per year and in-home care around \$2,000 per year. This number depends on the level of intensity of the intervention. They expect the in-home cost to go up as they begin to work with families that have more needs. Ms. Mills would estimate that in-home care is at least 4 to 5 times less expensive.

5. Div. of Child and Family Services - Plan to Address Potential Loss of Federal Funds

Vice Chair Last brought up the issue of dealing with the reduction of federal funds.

Mr. Ward indicated that DHS would have to use General Fund to replace lost federal funds for some costs but ultimately they will have to cut programs. The programs they serve are required by state law. It also depends on how the federal government makes the cuts and when they do it. In Medicaid, the federal government could reduce specific services, they could cost shift to the state changing Utah from 70 percent to 50 percent, or they could change to a block grant where the State would have to determine how to use those funds. The DHS would need to ramp down some services rather than quit immediately. That's where the reserve funds could be helpful.

Co-Chair Christensen doesn't imagine the federal government will cut back on the mandates they've made even with funding cuts. He wanted to know what Mr. Ward thought.

Mr. Ward indicated that the federal government might use a block grant for Medicaid. Then the State would have to determine how to use the funds. What the DHS has seen in the past was

simply a cost shift. Then the real fiscal problem rests at the state level, where the option is to reduce services or replace funds.

Vice Chair Last asked if the DCFS has much flexibility. In other programs there are optional services but it doesn't seem like there are any optional services in DCFS.

Mr. Ward indicated that all DCFS services are mandated by State law. In other areas of the DHS, they offer services such as waivers that reduce the cost of entitlement programs. The Office of Recovery Services is helping to dramatically reduce the cost of Medicaid.

Sen. Jones asked staff if about 30 percent of our budget comes from the federal government.

Mr. Jardine answered that it depends on what you apply funds to. He said if you include Medicaid funding as part of the federal funds total, it comes up just shy of 50 percent overall across the whole department. Glancing at each funding chart, it differs from division to division. For DCFS, the federal funding is about 30 percent.

Sen. Jones reiterated that Social Services receives about 50 percent of their funding from the federal government. She then asked about block granting and whether that gives us any discretionary decision making.

Mr. Jardine answered that in the Revenue Options brief there is a section on the three major block grants received by Human Services. Each grant comes with strings attached. The Social Services block grant is broader in how it can be used, but money from this grant can't be used as the state match for DSPD services, for example, because of the Medicaid funding.

Sen. Jones asked the Subcommittee in discussing how they are going to deal with federal money reductions are we just preparing ourselves for it or has something official been stated.

Mr. Jardine said that we're not sure what is going to happen, this is prognostication. Groups like NCSL have indicated what they feel will happen, with an eight to nine percent reduction next year, but the question is: how does this Subcommittee want to approach that possibility.

Sen. Jones stated we all want to cut the federal budget yet we depend on federal funds.

Vice Chair Last said we all understand that federal spending is out of control and expect that at some point Congress will get serious about federal cuts. When they do, the Subcommittee will have to deal with reductions.

Mr. DePaulis summarized that what the department is trying to do is to use the cost savings of in-home services to best reduce the amount of funds needed. He indicated that was why the reserve money is so crucial for this one-time funding.

Co-Chair Wright reminded the Subcommittee of how hard next of kin placements used to be and indicated that Utah needs to use the resources of the community and the generosity of the people, the churches, and families. He complimented those that are looking for ways to move into the community. Utah is moving in the right direction, just maybe not fast enough.

7. Issue Brief: Follow Up on the Div. of Child and Family Services Performance Audit

Mr. Jardine reported on the audit done in the fall of 2010 and reported in January 2011 to this Subcommittee. At that time, the Co-Chairs asked the auditors to list the key items from the audit. These key items follow. First was to increase funding to the in-home services program by transferring funds from out-of-home services. Second was to direct DCFS to report to the

Subcommittee on plans to enhance in-home services. Third was to request data each fiscal year with details for each program with the numbers served and the cost per individual served. Mr. Jardine noted that nearly 56 percent of the DCFS budget was being spent on foster care. Fourth was to note the trends of in-home and foster care services. Fifth was to show cost and utilization of foster care services by region. Sixth was to show the number of inter-region placements and use of courtesy worker visits by region. Seventh was to provide the number of full-time equivalent (FTE) positions that staff all child protective services, in-home and foster care cases on the last day of the fiscal year as a percentage of all FTE's shown by region. Eighth was to show the annualized subsidy cost per adoption by region. Ninth was to conduct regular review, monitoring and re-evaluation of the appropriateness of all foster care placements. Tenth was to provide a review of staffing practices among the division's five regions to ensure accurate caseload calculations. Eleventh was to use adoption subsidy policies and funding practices to bring more consistency to regional practices. The Legislature passed intent language to address these items.

Mr. DePaulis said the department was still working on recommendations from the audit. He asked Mr. Brent Platt, Director, DCFS, to present their report.

Mr. Platt provided the Subcommittee with responses to each of the 19 recommendations made in the audit. He pointed out some specific items. This year is the first time children are leaving the foster care program faster than they are entering the system. The DCFS is beefing up in-home services with a kickoff planned for this March. The Department is also identifying gaps between rural and urban care given and establishing requirements to even the level of services offered in rural areas, especially with in-home care. DCFS contracts will be evidence-based and the providers that are meeting expectations are glad they will now be noticed. Contractors that are not meeting the grade need to be replaced.

Mr. DePaulis wanted to point out from a departmental standpoint, there were three big areas of focus. The first was moving to in-home services as discussed. The second was centralizing intake which is now complete and running very well. Third, was the improvement of giving DCFS caseworkers technology that allows them to be where they need to be and still have access to files. He feels the department is well on its way to meeting the recommendations of the audit.

Vice Chair Last asked if the provision of new technology related to the SAFE program.

Mr. DePaulis answered that it was part of the SAFE program Mr. Platt indicated that the SAFE program is not currently web based but the goal is for it to be so that caseworkers can access accounts from computers and mobile phones.

6. Issue Brief: Div. of Child and Family Services -- Output and Outcome Measures

Mr. Jardine said one recommendation was for the Department to show the Subcommittee that the purchase of new technology had a measurable effect, that it wasn't just nice new toys.

3. Approval of Minutes

MOTION: Sen Christensen motioned to approve the minutes of the January 24, 2012 meeting. Minutes were approved.

6. Issue Brief: Div. of Child and Family Services -- Output and Outcome Measures cont.

Mr. Jardine presented the issue brief. He pointed out the measures showing greater than five percent improvement. They include: decrease in substantiated CPS cases that involve domestic violence, decrease in the median number of months to adoption, increase in crisis nurseries with the number of children and parents receiving crisis/respite services and a decrease in the number of adopted children who received adoption assistance that subsequently returned. There were also measures in which DCFS showed a greater than five percent decline. They include: increase in caseworker turnover rate by 24 percent, initial or annual mental health assessment conducted on time in foster care cases, initial or annual dental assessment conducted on time in foster care cases, and successful completion of local substance abuse services.

Vice Chair Last asked about the caseworker turnover being 24 percent. He indicated that it must be something they deal with all the time. He wanted to know if it actually went up by 24 percent or if it was 16.7 percent, as indicated in the chart.

Mr. Platt said they were very concerned by this turnover. It was a 16.7 percent turnover rate, with a 24 percent change from the year before. He indicated that caseworkers often go off to school. It is a high stress job. Now that the job market is opening up a bit, caseworkers are not as afraid to change jobs. There were some major changes made in the Eastern part of the State with a change in management that helped to inflate the turnover rate

Rep. McCay asked Mr. Platt what he attributed the turnover rate to.

Mr. Platt indicated that it was low pay with high expectations. Caseworkers are pulled in many different directions. The work is very stressful and their workload is too heavy.

Rep. McCay said that amount of turnover is detrimental to any business. As someone who has been involved with foster care, he's experienced the turnover of caseworkers and it is hard to deal with. He expressed that he would like to see the department address this issue. He wondered if caseworkers need help themselves; they've left school with student loans and a great desire to help but get frustrated by the system. Rep. McCay indicated he isn't necessarily advocating for an increase in pay, but maybe some creative solutions to improve the retention rate.

Mr. Platt indicated that a lot of the turnover is with caseworkers in their first year and that they burn out because they can't cope.

Rep. Chavez-Houck wanted clarification on why some measures have been discontinued on the chart.

Mr. Jardine said there may be different reasons for them to discontinue the measures.

Mr. Platt identified three areas where the measure has been discontinued because they have replaced them with more up-to-date measures, making them more accurate. No major items have been discontinued.

8. Issue Brief: Follow Up on the Loss of Federal Medicaid Funds for Youth in Custody

Mr. Jardine presented the issue brief. He indicated that between FY 2010 and FY 2011 revenues used to pay for children and youth in Out-of-Home Care settings were affected by five

factors: 1. \$18 million loss of federal Medicaid funds to help finance the program in FY 2010 were no longer available in FY 2011, 2. \$14 million addition of General Fund (\$7 million ongoing and \$7 million one-time) to help offset the loss of federal Medicaid funding, 3. \$4 million Out-of-Home Care building block appropriated by the Legislature, 4. \$2.5 million net reduction ARRA funds offset by an equivalent increase in the General Fund, and 5. restructuring how Medicaid bills are paid by replacing direct provider billing to DCFS for mental health services with direct provider billing through the Department of Health, leaving DCFS now acting solely as the payer of the state match requirement. Mr. Jardine explained that DCFS rebid contracts due to the system of financing changing so significantly.

Mr. DePaulis indicated that what they've dealt with for the CMS reorganization is just a microcosm of what is going to happen with the federal government reductions.

9. Issue Brief: SAFE Modernization in Div. of Child and Family Services

Mr. Jardine presented the brief on SAFE Modernization explaining that SAFE is a computer system used by DCFS to provide for child abuse and neglect case management. The system was developed in 1996 and needs to be updated. The Fiscal Analyst recommended the Subcommittee authorize DCFS to proceed with the development of the SAFE Modernization Project using one-time funding currently within the DCFS budget. The Fiscal Analyst also recommends the Subcommittee adopt intent language requiring DCFS to routinely report the project's status and current cost estimates. The Fiscal Analyst further recommended DCFS develop performance measures associated with organizational efficiency and worker productivity to determine the benefit to front line staff resulting from the modernization of the division's caseload management system.

10. Other Business

None.

The Subcommittee was reminded there wasn't a meeting the next day and that there will be public comment on Thursday concerning Medicaid.

MOTION: Co-Chair Christensen moved to adjourn.

Vice Chair Last adjourned the meeting at 9:46 am.

Minutes were reported by Mrs. Pope, Senate Secretary