

**Remarks to Senate Finance Committee on  
Child Welfare Reform and Proposed CSA Match Rate Changes  
By Paul D. McWhinney, Director, City of Richmond DSS  
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*My Reasons to Support CSA Match Rate Changes:*

- The proposed match rate changes are only *one* component of an overall CSA and child welfare reform effort. The Governor's budget also provides resources for:
  - additional funds for CSA services;
  - increased rates for foster and adoptive families;
  - recruiting, training, and retaining foster families;
  - training for child welfare workers; and,
  - funds to implement mandatory assessment tools to collect outcome data.
- Congregate care costs made up 42.4% of all CSA state pool expenditures in FY07. The City of Richmond expenditures mirror these data. The financial incentives not only attempt to help control CSA costs, but it encourages best practices in serving children and families in the least restrictive and most appropriate way. The match rate changes challenges localities to look differently at how they serve children and would deter the over-utilization of congregate care.
- For example, in Richmond, from 2000 to 2006, the initial placement option of a relative family placement for a child diminished to zero percent and increased by 15% for congregate usage. We evolved into a system that does not put relative and extended family first anymore, but chooses congregate care as the option of choice for kids coming into care. I maintain that our child welfare system has "lost its way."
- Virginia ranks 50<sup>th</sup> in the nation for children aging out of the foster care system without reaching permanency. Life outcomes for children aging out of foster care without permanent, legal, family connections are poor. Research indicates that these youth are more likely to end up homeless, on public assistance, and in the criminal justice system.
- CSA match rate changes would reinforce placements that are child-centered, family-focused, and community-based.
- Richmond ranks the second highest in Virginia for CSA pool expenditures. In FY07, Richmond spent \$24,450,249 on CSA, and as I said earlier, our data indicate an over reliance on congregate care.
- Through the progress made with the Richmond Approach, Richmond DSS, our partners on the juvenile court bench, our local Court Service Unit, and all of our other partners are addressing the high number of youth that are placed in congregate care. Given the match rate changes and Richmond's current efforts, Richmond DSS stands to significantly

reduce the amount of youth served in congregate settings and the incentive of the match rate change makes our efforts even more compelling.

### ***I know that there are Reasons to Oppose Match Rate Changes***

- My colleagues argue that the proposed changes penalize localities for placements over which they have little or no control. These include school placements based on an IEP, children in the juvenile justice system for whom a judge directs a congregate placement, children with very serious mental health problems, and children with profound disabilities.
  - **I would argue that:** In Richmond during FY07, 65% of the children served by CSA were referred by DSS. Regardless of who is in control of the placements, the overall system reform requires collaboration with all partners. DSS has become the agency “solution” for other partners for many years, and it is a direct result of how child welfare has evolved as a system. Without major reform, DSS is going to continue to carry the financial weight of serving these children in inappropriate settings. To be sure, this requires collaboration of all partners to serve “our community children.”
- It is argued that the proposal especially penalizes jurisdictions that lack community based services, do not have enough cases to attract private service providers, and do not have access to funding to develop services themselves.
  - **I would argue that:** A basic premise of the child welfare reform is that youth can be served in less restrictive, community-based environments through traditional foster homes, therapeutic foster homes, and extensive wraparound services. From an entrepreneurial standpoint and from a strictly business standpoint, the rate changes will force providers to diversify services to meet the service demand. The proposed match rate changes create different business opportunities for smaller localities that never used to exist before. In purely economic terms, the seller has driven the market, when in fact, we as buyers, should drive the market solutions and options.
- It is argued that the proposal would create a deterrent to appropriate residential placements.
  - **I would argue that:** the match rate changes would create a deterrent to the *over-utilization* of congregate care placements. Data asserts that Virginia places a disproportionate amount of youth in congregate settings. To be sure, congregate care is an integral part of the child welfare service continuum, and the match rate encourages the *appropriate* use of these kinds of intensive placements.
- It is argued that the match rate proposal may be enacted by the legislature, while proposals to provide new tools and resources for development of local service capacity may not. Conceptually all of the proposals are a “child welfare reform package,” but they will be acted upon separately given the nature of the legislative process. As such it is argued that the CSA match rates alone represents cost shifting. Although the lower match rate for foster care and community based services could potentially free up local

funds to develop new services, the higher match rate on residential placements will offset those savings in many communities.

- **I would argue that:** this is the wrong discussion; it is a discussion about better outcomes for children and not a formula funding argument. Even if the match rate changes do represent cost shifting, (which in the absence of any action by localities may or may not be,) localities will still be yielding better outcomes for their youth.
- This is the first time in many years that child welfare reform is a priority of the Governor. Given the results of the JLARC study, the Joint Subcommittee studying CSA, the First Lady's *For Keeps* initiative, and the Casey Strategic Consulting Group partnership with Virginia, there is a window of opportunity for major child welfare reform that likely will not exist again in my career.
- It is argued that if the change is enacted as proposed, it will be too late for most local governments to adjust their FY09 budgets to accommodate the higher match rate.
  - **I would argue that:** If localities embrace reform efforts, particularly those that rely heavily on congregate placements, there will be significant financial gains in certain localities.
  - To be sure, Richmond could stand to lose significantly if we stood idly by and did nothing. We will not do that.
  - Within the next year, we (our community partners) have set targets to:
    - reduce the number of children currently placed in congregate care by 20% within the next twelve months;
    - return 20% of the children outside of the community back to the Richmond metro area within the next year; and
    - reduce the number of youth that are recommended to congregate settings by 40%.
- Finally, the principle is that youth are best served in their community with strong connections to family. We must keep overall child welfare reform paramount in our discussions. We must be disciplined in our resolve to work toward better outcomes for youth who are served in the continuum of care of services. As I stated earlier, Virginia ranks 50<sup>th</sup> in the nation for children aging out of the foster care system without reaching permanency, and more often than we like to admit it, these youth are more likely to end up homeless, on public assistance, unemployed or underemployed, in the criminal justice system, or sometimes even dying too young. We owe our youth a better chance than that.
- Thank you very much.