

Presentation to Senate Finance Health and Human Services Subcommittee

Children's Services System Transformation and
Related Budget Issues in the Comprehensive
Services Act

January 19, 2009

Raymond R. Ratke

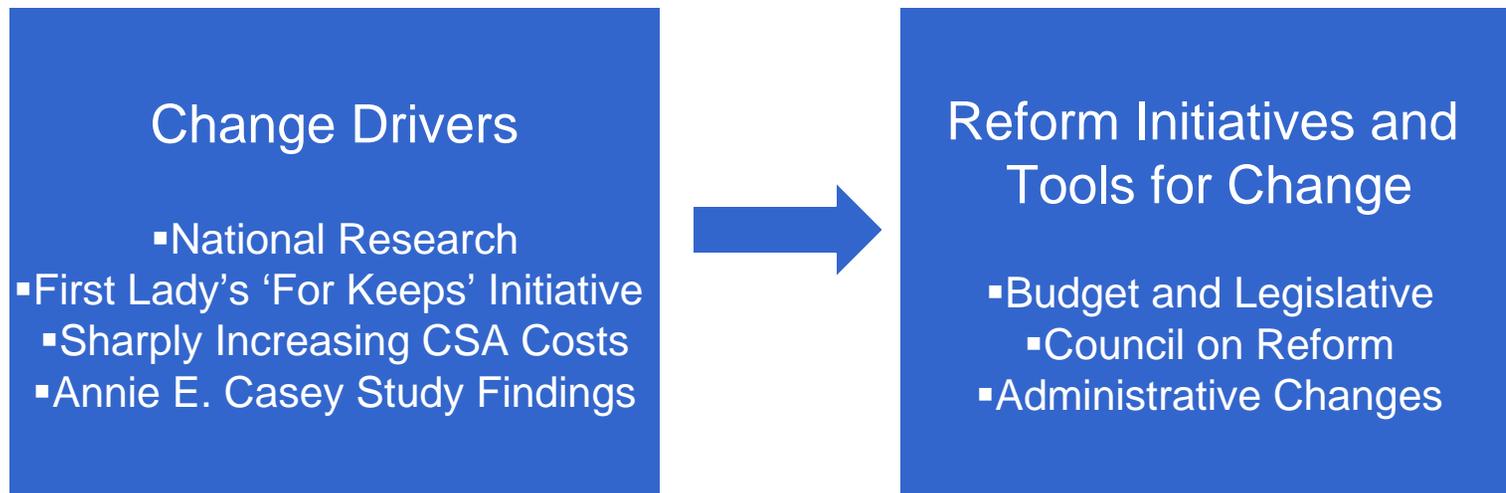
Special Advisor for Children's Services

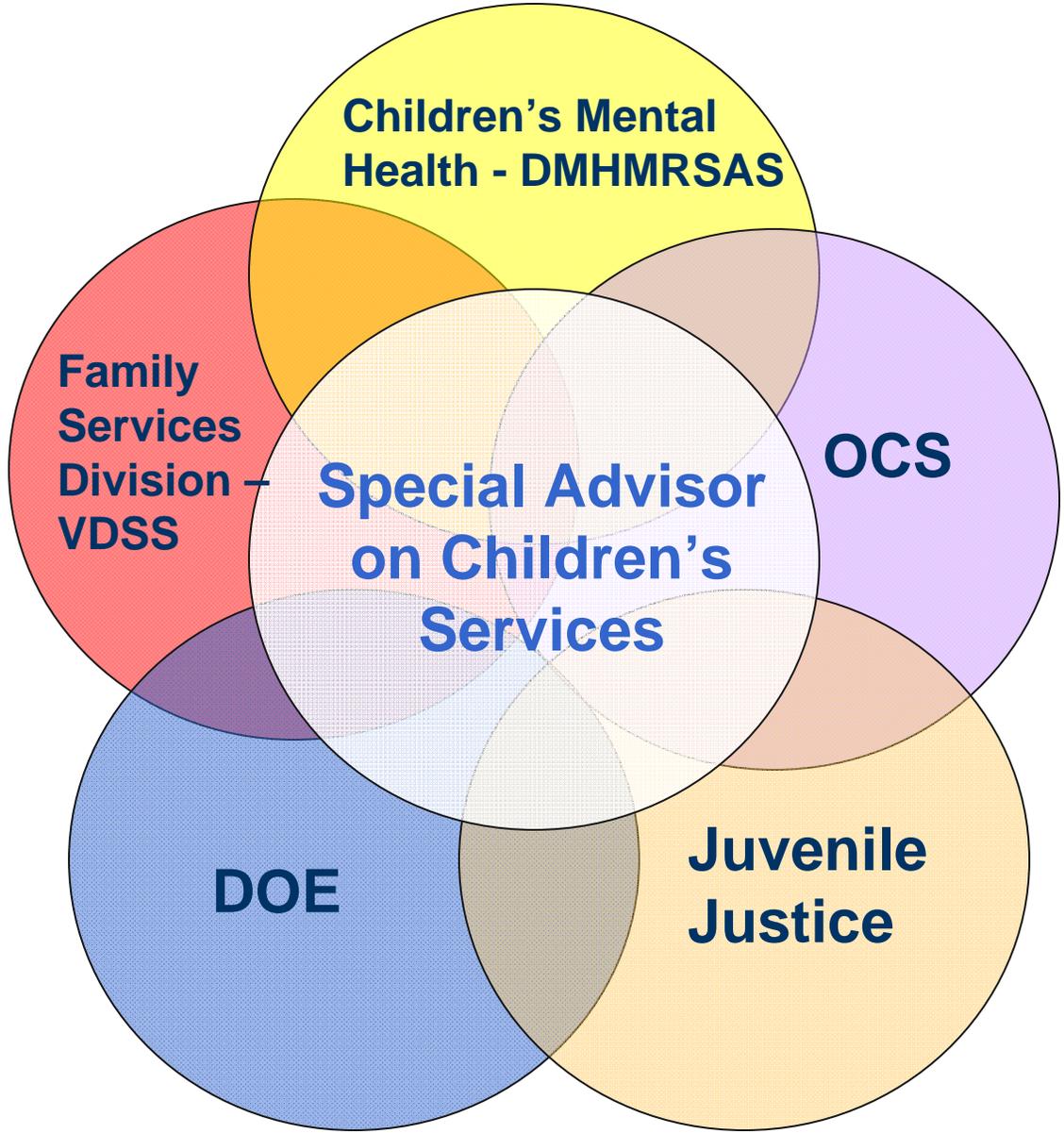
Presentation Overview

- Brief Overview of Children's Services System Transformation and outcomes to date
- Proposed Budget Reductions in the area of Comprehensive Services
- Impact of changes in the Comprehensive Services Act local/state match rates

Virginia's Transformation Initiatives

We are engaged in a number of interrelated efforts to fundamentally change how human services are delivered to children and families in the commonwealth and improve outcomes.





Council on Reform (CORE)

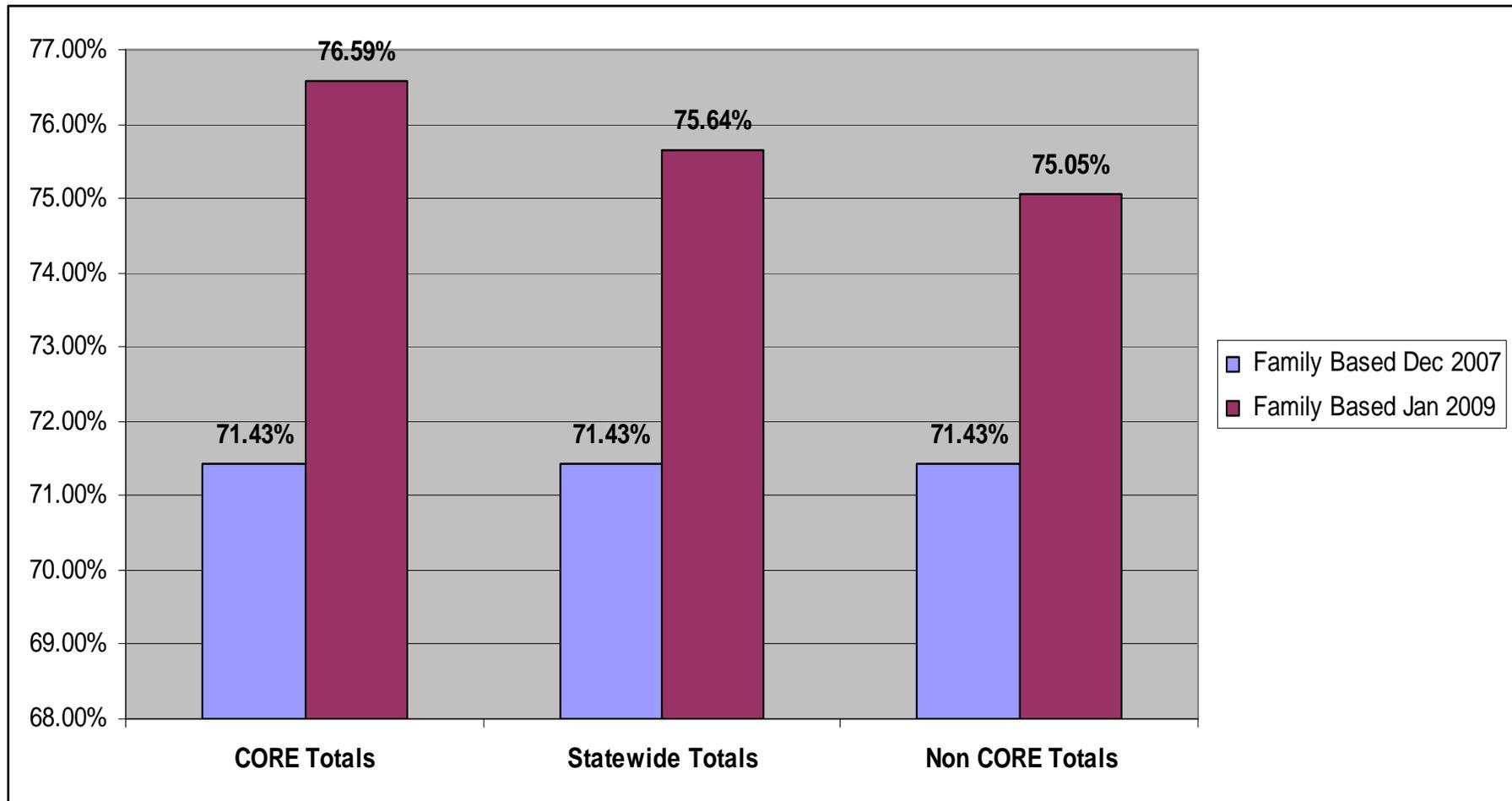
- **Purpose:** Work with thirteen targeted localities from across Virginia to develop a shared vision for Children's Services and best practices at the state and local level
- **Membership:** Representatives from thirteen geographically diverse localities:
 - Charlottesville, Chesterfield, Dinwiddie, Fairfax, Henrico, Newport News, Norfolk, Prince William, Richmond City, Roanoke County, Roanoke City, Virginia Beach and Washington County
 - These localities account for almost 50% of statewide foster care population
- Workgroups are focused on the development of a Practice Model and implementation of "Building Blocks" of Transformation
- The Annie E. Casey Foundation has been providing extensive financial and consultative assistance in this work.
- We will be expanding this effort to the rest of the state starting in February, 2009

Transformation Progress

- Extensive training provided by national experts on child welfare best practices such as foster parent recruitment, development and support; data management; family engagement; and youth involvement
- VDSS acquired SafeMeasures (through funds provided by Casey Family Programs), a web-based tool to improve local performance management capacity
- Sent 35 Virginia employees to Maine and Ohio to learn from similar efforts within those states
- Adopted new training philosophy and model based on national best practice which will be fully operational by the end of 2009
- Improved the ability of state and local agencies to utilize data through monthly reports
- Engaged private providers and provided training to support restructuring their services to meet changing market demands
- Increased clarity around CSA funding flexibility including documentation and discussion of current practices across Virginia
- Developed a Family Placement Team within VDSS which will provide both direct recruitment activities as well as training and technical assistance to agencies to develop or refine their own recruitment, development and support efforts for foster, adoptive and resource families.

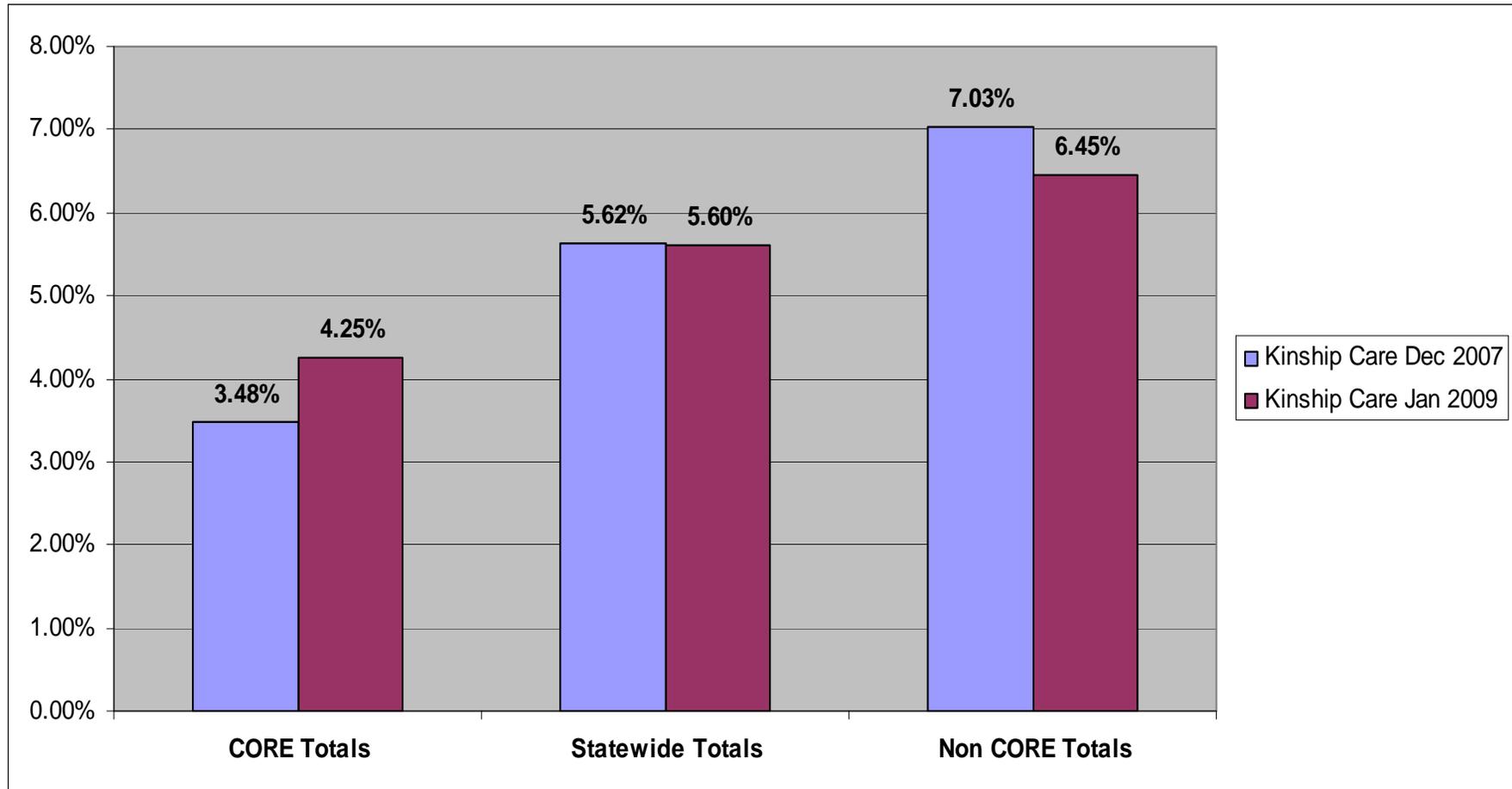
2008 Increases in Family Based Placements:

Family based placements have risen as a percentage of the total placement population in both CORE localities and across Virginia



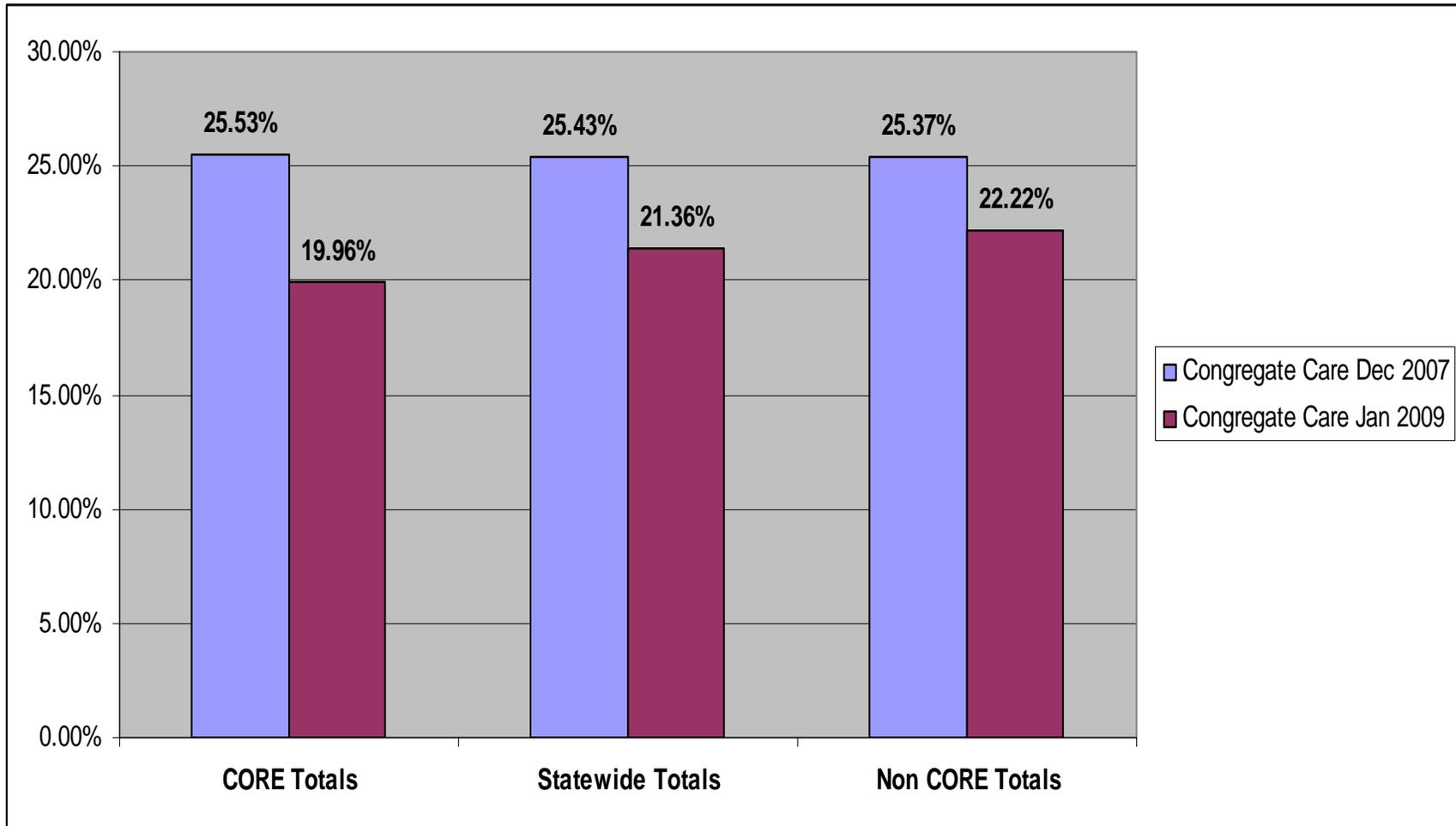
2008 Kinship Care Placements:

Kinship care placements have increased in CORE localities as a percentage of the total placement population

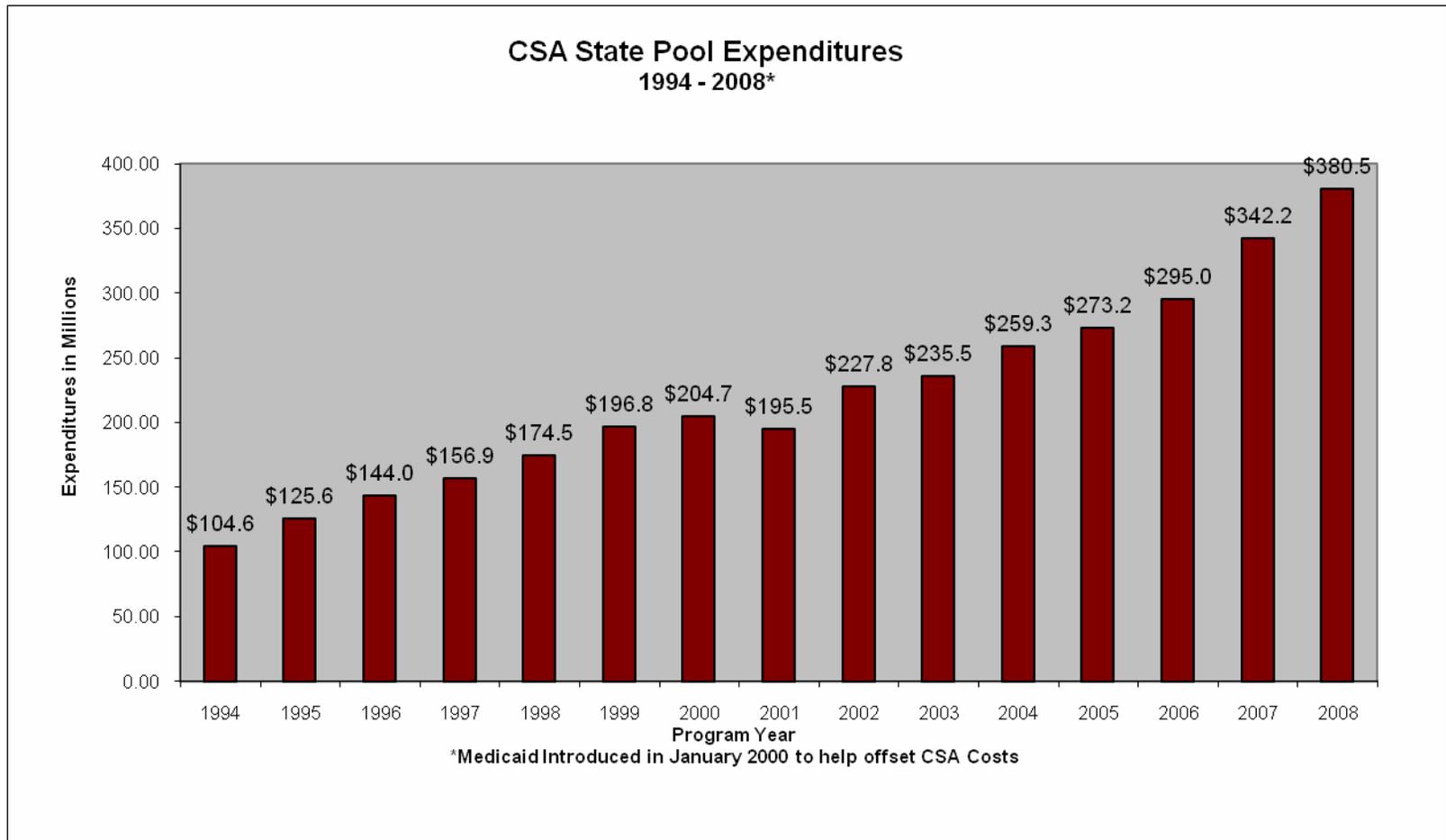


2008 Group Care Reductions:

Statewide there has been a 23.47% decrease in the group care population.
 CORE agencies have seen a 30.93% decrease in the use of group care.



Increasing CSA Expenditures: \$380.5 million in FY08 (\$244.2 state; \$136.2 local)



Governor's GF Budget Reductions to the 2008 Appropriations Act, Chapter 879

	<u>FY2009</u>	<u>FY2010</u>
• Eliminate Innovative Grants	(\$500,000)	(\$500,000)
– Eliminates grants intended to encourage localities to create community based services		
• Parental Agreement Adjustment	(\$5,000,000)	(\$5,000,000)
– Recovers unused funding for services for children accessing CSA services though parental agreements		
• Reduce Out of State Placements	(\$700,000)	(\$1,300,000)
– Enhance efforts to reduce the number of children placed in out of state residential facilities		
Total GF Reductions for CSA	(\$6,200,000)	(\$6,800,000)

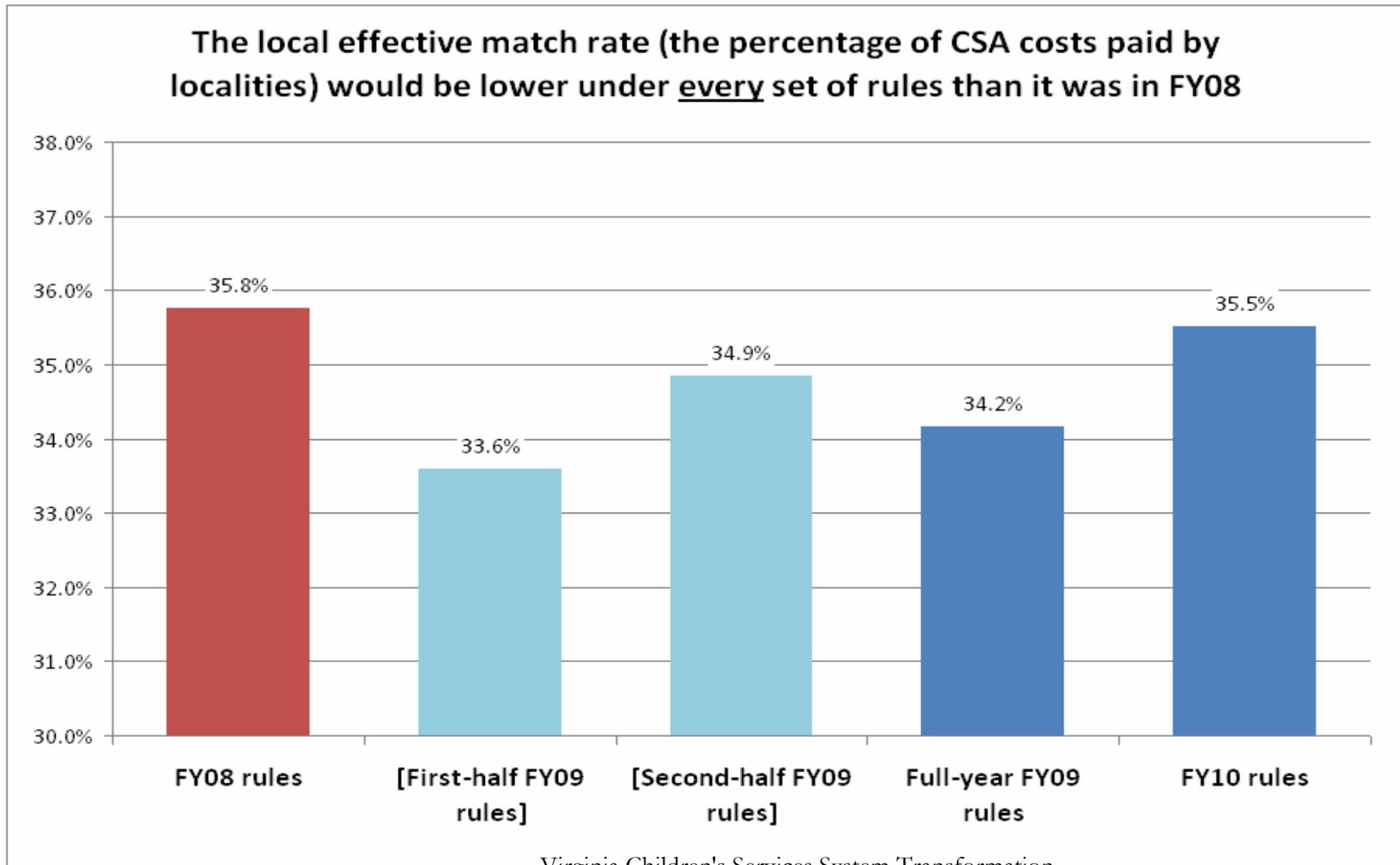
Local Match Rate Incentives for Community-Based Care

- Community-Based Services
 - Local match rate reduced by 50%
 - On average, the state assumes over 80% of costs for community-based services
- Residential Treatment and Group Home Services
 - Effective January 2009, local match rate increased by 15%
 - Effective July 2009, local match rate will increase by an additional 10%
 - On average, the state assumes over 50% of costs for residential treatment and group home services
- Hold Harmless Allowances for Localities

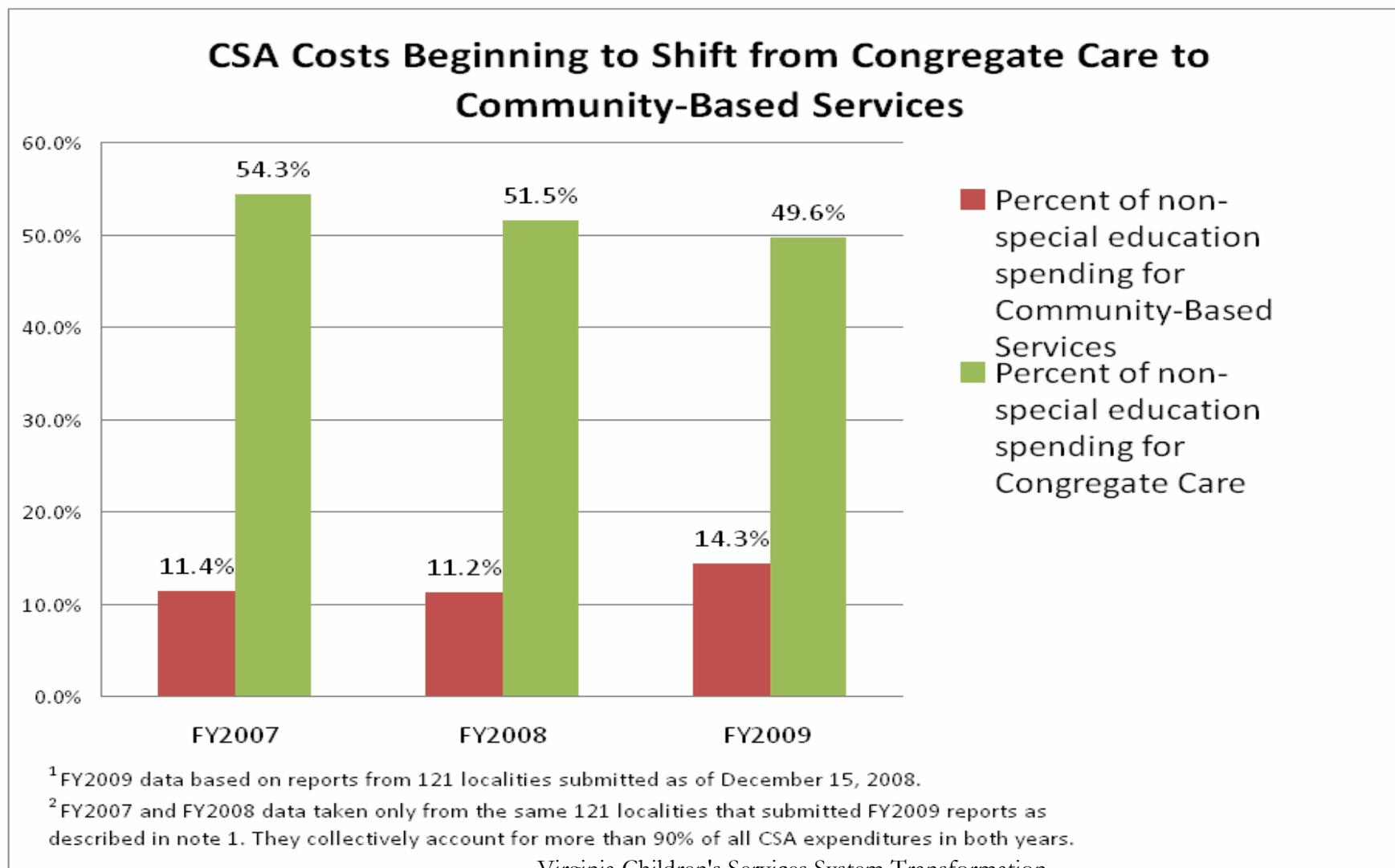
Local Budget Impact

- Based on 2008 spending and assuming no change in service delivery, in 2009:
 - Localities as a whole will see a decrease in their share of costs by \$6.1 million
 - Only 8 localities would see an increase in their share of costs (totaling only \$315,000)
 - Overall effective local match rate **decreased** from 2008 base of 35.8% to 34.2%
- Based on 2008 spending and assuming no change in service delivery, in 2010:
 - Localities as a whole will see an additional \$1 million decrease in their share of costs
 - Only 34 localities would see an increase in their share of costs
 - Overall effective local match rate is again slightly lower than 2008 base – 35.5%
- Modest decreases in group care and associated increases in community-based care will allow all localities to realize CSA cost savings

Local Effective Match Rate Declines



Effect of Local Match Rate Changes



Match Rates - Conclusions

- The vast majority of localities are benefiting financially from the change in match rates.
- A minimal change in service delivery practice is required by a small number of localities to avoid a negative financial impact.
- The match rates are having the desired effect of providing an incentive for the development of community based care.
- The match rates appear to have assisted in reducing the overall growth of CSA expenditures.