

PROPOSED
DEPARTMENT OF CHILDREN AND FAMILIES
RESPONSE TO

FISCAL YEAR 2007
OLS DISCUSSION POINTS

KEVIN M. RYAN
COMMISSIONER

April 2006

DEPARTMENT OF CHILDREN AND FAMILIES (GENERAL)

1. The Commissioner of Human Services has indicated that implementation of Child Welfare Reform on a statewide basis may have been the wrong approach and that phased implementation may be more appropriate for certain aspects of Child Welfare Reform. The revised Child Welfare Reform Plan to be submitted to the federal courts in May 2006 may adopt this approach.

- **Question:** What changes to the FY 2007 recommended budget will the revised Child Welfare Reform plan require? Can some of the proposed \$225.6 million funding increase for Direct State Services and Grants-in-Aid be reduced?

Answer: The phased-in approach suggested by Commissioner Ryan referred to training staff on a new case practice model on a county basis, rather than a statewide basis. Since Commissioner Ryan assumed leadership of the agency, he has focused on the reprioritization of the Child Welfare Reform Plan (CWRP). In consultation with the Governor and key child welfare stakeholders, he has been assessing why the reform has not been sufficiently effective to date. The Commissioner is building a turnaround plan that focuses on the fundamentals of keeping children safe in the context of a major system reform that must proceed in a logical sequence, based on priorities. The Commissioner will negotiate modifications to the existing CWRP, as well as the provisions enforceable in federal district court, beginning in May, with plaintiffs' counsel and the federal court's oversight panel. This budget proposal supports ongoing reform efforts in that context.

2. Personnel Services costs would increase \$48.1 million, to \$389.2 million (gross), and would support the hiring of about 440 new employees: 240 State supported and 200 supported with federal funds. The budget does not specify to which programs the new personnel would be assigned.

- **Question:** Of the 440 new employees, how many will be assigned to: Child Protective and Permanency Services, Prevention and Community Partnership Services, Education Services, Training Academy Services and Operations, and Administration and Support Services?

Answer: The approved positions for the Office of Children's Services were adjusted in January 2006 to reflect 200 positions made available as a result of the closing of the Arthur Brisbane Child Treatment Center. These 200 positions are being classified and allocated to DYFS for additional frontline workers, all within Child Protective and Permanency Services. Funding for annualization of these positions is part of our FY 2007 budget request. The approved positions for the Department of Children and Families (DCF) are 6,620 in FY 2007. The increase of 200 positions from FY 2006 to FY 2007 represents the transfer of existing staff from DHS units that perform or support child welfare related work. There will be 107 staff transferred who conduct child protection investigations and permanency related services and the balance perform various administrative and support functions such as fingerprinting, licensing, information technology and continuous quality improvement.

3.a. Schedule 2 identifies FY 2006 federal Title IV-E reimbursements of \$150.6 million. In previous years, less federal Title IV-E reimbursements than anticipated was actually realized and additional State funds were required to offset these shortfalls.

- **Question:** Will the \$150.6 million in federal Title IV-E reimbursements be realized in FY 2006?

3.b. Federal Title IV-E reimbursements of \$135.0 million are anticipated in FY 2007, a \$15.6 million reduction from FY 2006 levels.

- **Question:** What accounts for the reduction?

Answer: We do not anticipate receiving the entire \$150.6 million for FY 2006. There were items included in this target that were deemed unallowable for reimbursement by the federal government, such as the costs for Law Guardian services under the Office of the Public Defender. Further decreases are attributable to the decrease in the percentage of Title IV-E eligible children being served. The target amount for FY 2007 reflects these adjustments. We are nevertheless committed to making this one of our top priorities and concentrating our efforts in this area. We have scheduled a meeting with the Regional Administrator for the U.S. Department of Health and Human Services, Administration for Children and Families, to discuss this issue in the next few weeks, we will be conducting ongoing meetings with HHS ACF on this matter, and we will engage the Governor's Washington DC office to assist New Jersey getting the utmost consideration in federal review. In addition, after March 2007, NJ Spirit will enhance the quality and accuracy of the State IV-E claims. Claiming will be done through NJ Spirit rather than using 4 separate systems.

4.a. In early 2005, the Office of Children Services announced that an additional 215 residential treatment beds would need to be developed. A plan, with associated costs, would be developed by the end of 2005.

- **Question:** What is the status of this plan?

Answer: All 215 beds have been awarded. The final round of RFPs for these services, which was for 86 beds, has been awarded but is not yet in contract due to one appeal. Once the appeal is resolved, the awards will proceed to contract.

4.b. The 2004 Child Welfare Reform Plan would reduce the number of out-of-State residential placements to 150 by December 2006. As of February 2006, the Division of Youth and Family Services reported that about 230 children were in out-of-State placements.

- **Question:** Is the 150 out-of-State placement objective attainable?

Answer: The goal of having no more than 150 youth placed in out-of-state residential facilities was not met by December 2005. As of January 6, 2006, DYFS had 227 children placed in out-of-state residential placements. Of the number, 71 were in out-of-state facilities under contract to the Division of Developmental Disabilities, which are not

arranged or paid via the children's behavioral health system. The balance of the placements is youth in the custody of DYFS placed in behavioral health programs.

In addition, our Division of Children's Behavioral Health Services (DCBHS) places other children in out-of-state placements including children from the Juvenile Justice Commission. We currently have 301 adolescents in out-of-state programs. This would include the DYFS youth other than those placed in the DDD-contracted facilities. These youth are only placed in out-of-state treatment facilities when no New Jersey facility has the specialized treatment services to meet an adolescent's needs. DCBHS is aggressively pursuing contracts with New Jersey providers to expand in state specialized treatment capacity.

A recent workgroup of advocates, providers, consumers, and a judge, convened to strategize about resolving the out-of-state placement problem has recommended to the Commissioner multiple strategies for identifying youths in out-of-state placement that may be ready to return to New Jersey. DCBHS has begun implementing these strategies. This same workgroup recommended that the goal of reducing the number of children in out-of-state facilities should not preclude such placement when the out-of-state facility is the closest and most appropriate treatment facility available.

5. During August 2005, the Departments of Community Affairs and Human Services announced a \$1.0 million program to repair the homes of current and potential foster/resource families.

- **Question:** To date, how many foster/resource families have been assisted? How much has been expended?

Answer: The Resource Family Rehabilitation Project has not expended the allocated \$1 million dollars. This partnership with the Department of Community Affairs should be a valuable asset for families who are willing to care for vulnerable children. In order to maximize utilization, we must strengthen our staff's and the public's familiarity with the program and streamline the application process, which we intend to do as part of our turn-around plan.

CHILD PROTECTIVE AND PERMANENCY SERVICES

6. In November 2005, the Department of Human Services announced that by June 2006 200 new "front-line positions" (i.e., caseworkers) would be hired and an additional 450 new resource family homes would be recruited.

Between December 2005 and March 2006, the number of caseworkers declined by over 40, and while the overall number of resource family homes has increased by about 100, there are 20 fewer unrelated resource family homes.

- **Question:** Will these increases be achieved?

Answer: In the last two months, we undertook a comprehensive audit of all positions within DYFS identified as caseload carrying direct care staff in order to determine the accuracy of the data. We reviewed every single such position, office by office, and checked the information against the existing database of assigned cases, making corrections as necessary. We found that the correct number of caseload carrying direct care staff as of March 31, 2006 is 2025, and that the previous baseline data contained many inaccuracies, which we have corrected. For example, we found that many staff who were listed as caseload carrying were not; they were in fact filling other functions, including administrative, prevention and clerical work. Based on the data we deem accurate, we believe the number of caseload carrying direct care staff in March of 2005 was 1940.

Note that the caseload audit also states that as of March 31, 2006, we have a net of 292 trainees with us for six months or less. Since January, we have been hiring an average of 50 caseload carrying direct care staff per month, while losing an average of 17 caseload carrying direct care staff per month, which yields a net gain of 33 caseload carrying staff per month.

We have licensed a total of 335 new resource family homes during the four month period of November 2005-March 2006. This puts us on track to license the 450 homes announced by the Department in November 2005.

The decrease in the number of unrelated resource family homes relates to enforcement actions taken by the Office of Licensing including a backlog reduction plan that resulted in closing inactive resource family homes. Finally, regulations were adopted in July 2005 that limit the number of children who can reside in resource families' homes. As a result, some homes were closed. Taken together, these actions have contributed to the net decline in unrelated resource family homes.

7. Two new appropriations for Child Welfare Reform are recommended: A \$44.3 million (gross) Special Purpose appropriation and a \$21.8 million (gross) Grants-in-Aid appropriation. Outside of the broad objective of "child welfare reform," how these funds will be expended is not identified.

- **Question:** How will the two appropriations be expended?

Answer: Of the \$66 million proposed by Governor Corzine, \$13.8 million is federal funds. The remaining \$52.2 million is dedicated toward expansion of priorities including:

1. Community based mental health services, to continue efforts toward deinstitutionalization and the launch of integrated services for children who are dually diagnosed, developmentally disabled and in need of behavioral health services.
2. Growth of evidence-based child prevention and treatment programs in the community; and
3. Reconstruction of stable adoption practice and much needed relief to frontline staff.

8. In October 2005, \$97,000 was awarded to 11 community groups to promote the New Jersey Safe Haven Infant Protection Act. The grants range from \$5,000 to \$10,000.

Outside of the broad objective - - "to promote the state's Safe Haven program to help stop baby abandonments" - - what agencies will do with these funds is not clear

- **Question:** What specific activities can these agencies accomplish for \$5,000 to \$10,000 each? How will their effectiveness be assessed?

Answer: Since its inception on August 7, 2000, this program has facilitated safe haven for 26 infants including five children since January this year. Each project is unique, but the general purpose of the funding is to develop networks of faith-based, community-based and youth-based organizations to assist in outreach to hard-to-reach populations at the most grass-roots level in our communities, getting information in front of people where they are likely to see it repeatedly - in stores, doctor's offices, churches, laundromats, etc. The activities financed by the grants include distribution of educational materials and information on Safe Haven through a variety of means, among which include, workshops, presentations, seminars, health fairs, and internet postings. In some cases, the grantees are organizations that provide health care and social services to new mothers and pregnant women, or organizations that link women to such services. Because we provide most of the materials to support this outreach work, the project goals generally can be accomplished with these \$5,000 - \$10,000 grant amounts.

9. A \$290,000 contract was awarded during Fall 2005 to develop a "peer-to-peer" program in conjunction with the Foster and Adoptive Family Services organization. A series of regional and local networking events were to be organized and leadership training sessions developed.

- **Question:** How many regional and local networking events have been conducted? How many leadership training sessions have been conducted? Has federal Title IV-E reimbursement been claimed for this program? If not, why not?

Answer: There have been 33 regional and local networking events conducted. Additionally, one Leadership Development Training Program was delivered to the Presidents of the local Foster Parent Associations.

We are currently claiming these services under Title IV-B which is a capped program. However, we are exploring the viability of shifting the claiming of certain costs associated with these activities to Title IV-E. We have scheduled a meeting with the Regional Administrator for the US Department of Health and Human Services, Administration for Children and Families, to discuss this issue in the next few weeks.

10. Resource family care rate increases were intended, in part, to attract and retain the number of unrelated resource foster families. Available data indicate that the number of unrelated DYFS resource families has decreased from about 3,300 (January 2003) to 2,800 (January 2006) despite these rate increases.

- **Question:** As resource family care rate increases have not resulted in additional unrelated resource families, what, if anything, can be done to attract new unrelated resource families?

Answer: The Child Welfare Reform Plan required the state to close the gap between resource family board rates and the United States Department of Agriculture's estimated cost of raising a child in a two parent, middle income family in the urban northeast. To date, the rate increases have not yet brought parity with the federal standard, but the gap is closing over time. The increases assist resource parents to meet children's basic needs and were not intended to be implemented as a recruitment strategy.

We are continuing to enhance our recruitment plan to include a three-pronged strategy—general media, targeted communities and child specific work. This is a different model from the reliance on a general media strategy. We continue to work with staff in our local offices to focus on the needs of specific children in need of care and develop a matching system to connect those children to interested resource families.

11. The FY 2007 budget recommends \$76.4 million (gross) appropriation to support over 9,800 children in a Subsidized Adoption environment. As of February 2006, about 9,900 children were in subsidized adoptions.

- **Question:** As the number of children in Subsidized Adoption exceeds the FY 2007 budget recommendation, are additional funds required?

Answer: The 9,900 children referenced above include over 260 children in the subsidized adoption program who have been removed from their adoptive homes due to a child protection or child welfare issue. Since these children are no longer residing in an adoptive home, the subsidized payment stops. Therefore, the current number of children in the paid subsidized adoption program does not exceed the budget estimate of 9,800 which represents the average daily population for the entire fiscal year. The estimated number of children in Subsidized Adoption is not too low. As a result, it is anticipated that the funding reflected in the Governor's Recommended Budget will be sufficient to address the projected client growth.

12. The FY 2007 budget recommends \$5.0 million for a new grant program to provide one-time capital improvements for Child Advocacy Centers. The centers would co-locate law enforcement, mental health, and child protective services to investigate alleged sexual abuse.

There already exist hospital-based Regional Diagnostic Treatment Centers which provide similar services. While it is envisioned that the two organizations will cooperate, the Regional Diagnostic Treatment Centers are likely to see a reduction in patient volume and a reduction in hospital revenues as a result of Child Advocacy Centers.

- **Question:** Should existing Regional Diagnostic Treatment Centers be enhanced at less cost rather than establish new child advocacy centers?

Answer: The Child Advocacy Center (CAC) model is typically a child-focused, facility-based program located within a county, in which representatives from many disciplines—law enforcement, child protection, prosecution, mental health, medical and victim advocacy—work together, conducting joint forensic interviews and making team decisions about the investigation, treatment, management and prosecution of child abuse cases. They share a core philosophy that child abuse is a multi-faceted community problem and no single agency, individual or discipline has the necessary knowledge, skills or resources to serve the needs of all children and their families. They also share a belief that the combined wisdom and professional knowledge of professionals of different disciplines will result in a more complete understanding of case issues and the most effective, child and family-focused system response.

The Regional Diagnostic and Treatment Centers (RDTCs) are housed in major hospitals and provide the expert medical and psychological assessment services to children from multiple counties, as part of the forensic investigation of child abuse and neglect. While both RDTCs and CACs are important parts of the child protection system, they serve different functions. The RDTCs may provide medical services to a county CAC, but in general it would not be cost effective to co-locate RDTCs and CACs. There is no correlation between the creation of a CAC and a reduction in RDT work. Rather, the development of a CAC provides for a more efficient and thorough investigation process. Therefore RDTCs should not be projected to need less funding.

There has been some very promising research regarding CACs and comparison counties, conducted by the University of New Hampshire. In these counties, while the plea rate remains about the same for both, in some cases, particularly where there is very strong involvement from law enforcement and prosecutors, of the cases accepted for prosecution, there was a much higher conviction rate by trial and fewer dismissals for CAC cases than in the comparison community.

13. An appropriation of \$12.5 million State and \$1.1 million in federal funds is recommended for Residential Placements.

Woods Services, one of the program's larger residential providers, is in the process of becoming a Medicaid provider and billing for services currently supported entirely with State funds. Medicaid reimbursements should reduce the amount of State funds required to reimburse Woods Services.

- **Question:** Does the Residential Placements appropriation reflect the increased Medicaid reimbursements Wood Services will receive?

Answer: The Division of Developmental Disabilities (DDD) is working with the Division of Medical Assistance and Health Services (Medicaid) to determine the appropriateness of a Medicaid claim for children residing in Woods Services under the Medicaid Mental

Health Rehabilitation Services Option. There has not been a claim created for these services to date. The two divisions are actively working together comparing the program components and therapeutic requirements in order to resolve this issue. We are optimistic that we will be able to meet requirements in order to ensure claiming of the federal match.

14. Budget language in the FY 2007 recommended budget provides \$800,000 to UMDNJ School of Osteopathic Medicine Academic Center – Stratford “to support the development of a model comprehensive diagnostic and treatment program to address both the medical and dental needs of children experiencing abuse.” To date, \$2.4 million has been provided to UMDNJ for this purpose.

- **Question:** What is the status of the “model comprehensive diagnostic and treatment program?”

Answer: UMDNJ has utilized the operational experience of their RDTC to develop the protocol for a model comprehensive diagnostic and treatment program. The FY 07 budget requests the funding associated with implementing these new standards statewide.

CHILD BEHAVIORAL HEALTH SERVICES

15. The FY 2007 budget recommends \$42.3 million (gross) for Care Management Organizations (CMOs): \$32.8 million State and \$9.5 million federal. Approximately \$8.0 million in services are not Medicaid reimbursable; and as upwards of 75% of the clients served are Medicaid eligible, about \$13 million in federal reimbursements should be available.

- **Question:** Is the amount of Medicaid reimbursement understated?

Answer: The Medicaid reimbursement is not understated. As noted in the question, not all the individuals consuming CMO services are Medicaid / FamilyCare eligible and not all the costs qualify to be built into the rate. Approximately 74% of the individuals who consume CMO services are Medicaid / FamilyCare eligible, and approximately 75% of the cost of CMO services qualifies to be built into the reimbursement rate. Flex funds and community development activities do not qualify for reimbursement. The \$8 million cited in the question relates only to budgeted flex funds.

Several CMOs (Gloucester/Cumberland/Salem, Ocean, Morris/Sussex and Hunterdon/Somerset/Warren) will not be fully phased in for all of FY 07. During phase-up periods, while fixed costs of operation are being incurred, the volume of service will not be at its maximum annualized level. Medicaid /FamilyCare can only be billed for occupied service months. Furthermore Medicaid/FamilyCare cannot be billed for the final month of each client's service.

These factors combined with the 50% match rate combine to yield the \$9.5M federal financial participation amount reflected in the budget.

16. Discussions with various Youth Case Management programs indicate that the programs are overwhelmed with referrals as Child Welfare Reform has made the service available to every child, irrespective of need. Accordingly, gross costs are expected to increase from \$8.5 million to \$16.2 million, and the percentage of federal reimbursement is reduced from about 25% to over 13%.

- **Question:** What is being done to control program costs? What accounts for the reduction in federal reimbursements from 25% to 13%? What percentage of the estimated 4,800 children that will receive services in FY 2007 qualify for Medicaid or Title IV-E reimbursements?

Answer: We are taking a very close look at the effective utilization of case management resources. Our goal is to operate a case management structure that ensures youth and families receive the most clinically appropriate treatment in the most cost effective manner possible. Youth Case Management organizations, which, unlike Care Management Organizations, do not have caseload caps, have actually been serving more youth than they are contracted to serve. The current structure also often results in youth having to change case managers as they progress through treatment. We are closely reviewing alternative case management structures that would address these problems and improve efficiency.

The federal reimbursement reduction in terms of a percentage is misleading. The full difference between the FY 06 adjusted appropriation of \$8.533 million (\$6.396 million state and \$2.137 million federal) and the Executive Recommendation of \$16.180 million (\$14.001 million state and \$2.169 million federal) is \$7.647 million. Of this amount, \$7.615 million represents a reallocation of \$3.7 million (state) from DMHS and \$3.9 million (state) from DYFS.

The DMHS dollars were YCM funding that had been historically appropriated to DMHS and needed to be moved to DCBHS. The federal funds associated with these state funds were already included in the DCBHS budget. The \$3.9 million from DYFS relates to one large case management program known as Kid Connection. The funds were moved to DCBHS in contemplation of providing a case management service focused on the detention population. We are reviewing the entire case management continuum. Should these funds be reinvested in services that are matchable, the appropriate federal participation will be claimed. Adjusting for these two reallocations, the percentage of federal participation remains constant at 18% from FY 06 to FY 07.

Approximately 63% of the individuals consuming YCM services are Medicaid / FamilyCare eligible. A subset of these individuals would also be Title IV-E eligible. Title IV-E does not fund YCM on top of Medicaid. Title IV-E does materially underwrite the cost of DYFS staff case management activities performed on behalf of Title IV-E eligible DYFS clients.

17.a. The FY 2007 budget recommends \$9.1 million (gross) for Family Support Organizations (FSOs) which provide family support services such as face-to-face peer support, peer support groups and education on community programs. The recommended budget estimates that 3,100 families will receive services in FY 2007, in addition to services the family may receive from other entities.

- **Question:** Are FSOs effective in meeting their objectives?

Answer: The Family Support Organizations are an integral collaborative partner in the system of care and the funding for these local organizations represents the commitment of the Department to assure that the family voice is involved in all levels of the youth mental/behavioral health system of care. Best practice indicates that for systems of care to be successful, families must be active participants at all levels of planning, organization and service delivery. Systems must be built on child and family strengths, be family focused and family friendly, and assure the family perspective at all levels.

Since 2000 when the Department of Human Services launched county-based Family Support Organizations, the FSOs have employed families whose children are in, or have recently been in, the child mental health system, to provide direct family-to-family peer support for families with the most complex challenges. They assist families in finding their voice to effectively navigate the system, to support development of a plan of care that is responsive to the needs of the child and family, and support the family in developing a natural support network to reduce family isolation and dependency on intensive paid services. They also provide community outreach, education to families and systems partners, advocacy, a warm-line, and family/caregiver support groups. FSOs provide an important voice for families who may be reluctant to access services for their child. They also provide a valuable community function by supporting families in the mental/behavioral health system to apply for Medicaid/NJ FamilyCare benefits.

As systems partners, the FSOs have stimulated family participation in system reform initiatives on all levels including policy and planning committees and the administration of the system of care. They participate in training systems partners and are actively involved in quality management improvement processes and in evaluating system performance.

At the local level, working with other local system of care partners, they identify local needs, as well as resources and family friendly services to meet those needs. They provide a local community link and assure that the network of services in the community are locally based, multicultural and reflective of the family needs, accountable to the system of care, responsive to emerging family and community issues and contribute to the community-building process.

Fifteen Family Support Organizations have been created throughout the state. Currently there are 2,508 children actively receiving FSO services.

17.b. Approximately, \$2.5 million and \$2.6 million in federal funds are anticipated on behalf of the FSOs in FY 2006 and FY 2007, respectively. As the services provided by FSOs are non-medical in nature, and are generally provided by volunteers or other unlicensed personnel to children who reside at home, federal Medicaid and Title IV-E reimbursements are generally not available for services provided by FSOs.

- **Question:** What federal funding do FSO services qualify to receive?

Answer: Family Support Organizations qualify to receive Title 19 administrative Medicaid funding for the activities that they provide to support the effective and efficient administration of the Medicaid program. An allocable portion of the cost is claimed as an administrative expense.

Partnering with the family and providing direct per to peer support, the FSOs assist the family in accessing the system of mental and behavioral health services by understanding the availability and effective use of the services under the system of care, and to better utilize the services to support the implementation of an effective plan of care that is responsive to the family and youth's needs. They provide an important role in assisting families in understanding the importance of applying for Medicaid for potential eligible families, who may otherwise not have been reached through other venues that target families who are primarily accessing physical health care.

The FSOs also participate in quality management improvement processes, including for example, family satisfaction surveys and assist in securing input from populations who might otherwise be reluctant to participate in or understand the importance of participating in such activities. They also assist families in identifying effective quality services and support families in advocating for quality services that best meet the needs of the youth and the family.

18. Mobile Response costs increase from about \$11.5 million to \$12.3 million (gross). Federal reimbursement is expected to decrease from about 21% to less than 20%.

- **Question:** What percentage of the estimated 7,700 families expected to receive services in FY 2007 are Medicaid or Title IV-E eligible? What accounts for the reduction in federal reimbursements?

Answer: Approximately 53% of the individuals utilizing Mobile Response and Stabilization (MRSS) services are Medicaid/FamilyCare eligible. A subset of these individuals would also be IV-E eligible, but Title IV-E does not fund MRSS services.

Similar to Youth Case Management, virtually all of the growth from FY 06 to FY 07 represents a reallocation of programs from DYFS and DMHS. Funds for these programs had been dedicated to MRSS for the past several years and the FFP associated with these funds was already being claimed by DCBHS. Adjusting for these two reallocations, the percentage of federal participation remains constant at 21% from FY 06 to FY 07.

19. The recommended budget includes \$6.4 million for Partial Care services. As part of the overall Medicaid budget, reimbursement to hospital based partial care providers would be reduced by \$15.0 million (gross). A reduction in federal Medicaid reimbursement may require an increase in State appropriations.

- **Question:** Will the \$15 million reduction in Medicaid reimbursement increase Partial Care costs?

Answer: No, it will not. My staff are working to exempt children's services partial care from the DMAHS partial care reductions. DMAHS and DMHS are meeting with

providers and working to develop mechanisms to achieve the projected savings in adult services, including discussion of prior authorization and a cap on length of stay.

PREVENTION AND COMMUNITY PARTNERSHIPS

20. In October 2005, the Department of Human Services announced a \$1.0 million expansion of the Family Empowerment Program (FEP) to four additional high schools. FEP involves a “family system specialist” to provide intensive professional counseling to families and a “community resource specialist” to arrange community services for the family.

- **Question:** How many children/families will the expansion serve? How will duplication of services to children/families between FEP and other departmental programs be minimized? Is federal reimbursement available to offset program costs?

Answer: FEP is entirely funded through TANF dollars. The recent infusion of \$1 million created four new sites in Paterson, Atlantic City, Plainfield and Bridgeton and expanded the services of the four existing sites (Lakewood HS, Elizabeth HS, Camden HS and Irvington HS). These funds should allow us to reach 800 children. At this time, we have not planned any further expansion, but any expansion would be predicated upon identifying new federal funds, and not state funds.

Regarding duplication of services, no other program provides this intensive specialized family systems model in a school-based context.

21.a. The FY 2006 appropriations act included \$4.3 million for Area Prevention and Support Services and \$3.6 million for Collaboratives. As of this writing, only \$1.5 million of the \$7.9 million appropriation from these two accounts has been expended.

The FY 2007 budget recommends \$5.2 million to continue these activities. The activities of these organizations do not qualify for federal reimbursement.

These new entities appear duplicative of numerous State and county sponsored planning entities that already exist.

- **Question:** As these organizations are relatively new and not fully operational, should their functions be consolidated with other county entities to enable a reduction in their \$5.2 million recommended appropriation?

Answer: The Collaboratives and the original target for Prevention and Support Services—child welfare planning councils—were both tools for delivering preventive services instituted by the previous administration as a response to the pressing need to grow preventive services in New Jersey to keep children safe and families strong.

We need to maintain the level of investment in prevention, but we are evaluating the strategies for delivery. The need for preventive services remains—and if anything, given the increase in calls to our abuse and neglect hotline, that need has grown, not diminished.

We know that absent robust prevention services, families will not get the help they need, escalating into high risk situations which require state intervention – and generate high costs. The NJ Task Force on Child Abuse and Neglect set the standard nationally for what a high quality continuum of prevention services would look like – now we need to implement services to achieve that continuum.

We are in the process of evaluating the Collaboratives and have already met with the counties' Human Service Directors to solicit their advice on how to improve coordination and best leverage state dollars. We want to maximize delivery of services and we want to encourage unified and focused county level planning. With those principles in mind, our strategy will be to underwrite evidence-based initiatives like home visitation and other rigorously tested interventions. We need to make those investments through high quality competitive contracting processes to ensure those dollars go to the entities most equipped to deliver on the promise of prevention. In order to affect our goals, we are re-engineering the existing Division of Prevention and Community Partnerships staff, reducing the number of staff and targeting the hiring of staff with expertise in prevention services and grant-making. Throughout this process, we will continue to look for opportunities for federal revenue match.

21.b. During November 2005, \$1.9 million was awarded to 16 community Collaboratives to establish child abuse prevention programs. Passaic County and several communities in Monmouth County (Keansburg, Long Branch and Red Bank) received \$25,000 each. In addition, Asbury Park, Bridgeton, East Orange, Irvington, Millville, Newark's four wards, Orange, Trenton, and Vineland received \$150,000 each to establish an office, hire staff, etc.

- **Question:** What can the four communities that each received \$25,000 expect to accomplish? How many full and part-time employees will each of the 12 community collaborative that each received \$150,000 employ? What internal controls have been established to ensure that these entities adhere to appropriate procedures in hiring, and leasing and purchasing of equipment and facilities?

Answer: The four Collaboratives receiving \$25,000 each committed to two tasks. First, they would facilitate referrals for families in need of preventive services. They also engaged in asset mapping to identify what preventive services exist in their communities and what would need to be developed in order to improve the safety net for children. The target to achieve those deliverables is June 30, 2006.

The twelve Collaboratives receiving \$150,000 each planned to employ 20 full-time people and 11 part-time people. No grant covered a full annual salary as the awards covered a maximum of 8 months. As deliverables, the twelve Collaboratives committed to delivering, in total, a minimum of 92 and a maximum of 117 new resource families, as well as engaging in comprehensive asset mapping of their communities.

22. Funding for Community Case Managers would increase from \$2.8 million (FY 2006) to \$5.0 million (FY 2007). This program does not qualify for any federal reimbursement. As of this writing, no funds have been expended.

- **Question:** As no FY 2006 monies have been expended and the program does not qualify for any federal reimbursements, what is the justification for this funding recommendation?

Answer: As referenced above, the previous administration proposed investing in four types of preventive infrastructure – community case managers, Collaboratives, child welfare planning councils, and state staff, to deliver much-needed preventive services in New Jersey. Governor Corzine has proposed maintaining investments in child abuse and neglect prevention because they are desperately needed within a system that has historically tilted directly towards reactive work with traumatized children rather than proactive family support and strengthening work.

We have heard over and over again from prevention experts and from our staff in the field that New Jersey needs to increase child abuse and neglect prevention services. Many have recommended we look at strategies for channeling these investments away from infrastructure towards more services for families. We recognize that preventive services are much needed – and if anything, the recent surge in calls suggest we need more, rather than less. But we would also agree that we need to reduce investments in infrastructure and increase investments in services.

We have already begun executing this strategy by re-engineering our own Division of Prevention and Community Partnerships. We know that we will need to expand our re-engineering to examine these other three areas but want to do it thoughtfully or it will not yield the outcomes we all want and need for our children and families. Eliminating this funding would eliminate the dollars necessary to fund preventive services next year.

23. Approximately \$8.5 million in federal funds are anticipated to support various School Based Youth Services programs in schools.

- **Question:** What federal programs do school based programs qualify for in order to obtain \$8.5 million in federal reimbursement?

Answer: The following federal programs currently allow for federal reimbursement for the School Based Youth Services Program:

(01) TANF, (02) Title IV-B; (03) Child Care Block Grant.

The fiscal breakdown is as follows:

- (01) \$4,208,000 T. A. N. F. (regular SBYS Programming)
- (02) \$1,501,000 T. A. N. F. (FACES)
- (03) \$1,000,000 T. A. N. F. (F. E. P.)
- (04) \$ 992,000 T. A. N. F. (A. P. P. I.)
- (05) \$ 259,000 T. A. N. F. (Substance Abuse Money - DAS)
- (06) \$ 960,000 Child Care Block Grant (CCDF) (Parent Linking Programs)
- (07) \$ 406,000 Title IV-B; (Parent Linking Programs)

24. A \$3.2 million Domestic Violence Prevention Program is proposed. A budget footnote indicates that in FY 2006 these funds were included within the Domestic Violence Program within DYFS. However, funding for the DYFS program is unchanged at \$7.1 million in both FY 2006 and FY 2007.

- **Question:** As funding for the DYFS Domestic Violence Program is unchanged at \$7.1 million, does the \$3.2 million represent an expansion of the program?

Answer: Child Welfare Reform Plan funding was contained in DYFS' budget. For FY 2007, with the transition of the Domestic Violence (DV) Programs to PCP, the \$3.2 million represents annualization of last year's expanded growth. The DV Programs fund the 22 Domestic Violence shelter programs, core services including batterer programs, and community-based PALS (Peace: A Learned Solution), for children who experience domestic violence.

CHILD WELFARE TRAINING ACADEMY

25. Recommended Direct State Services appropriations for the training academy would increase from \$2.2 million to \$3.7 million. The largest increase, \$1.1 million, is for Services Other Than Personal, which supports consultant services and other services.

- **Question:** What consultants were awarded contracts in FY 2006 and what were the specific purposes of these contracts? Of the \$3.7 million recommended for FY 2007, how much will be awarded to consultants and for what purposes?

Answer: The Training Academy has been focused on delivering core training to our direct care staff and supervisors, utilizing consultants for services and many training needs beyond the targeted populations. A chart of our FY'06 contract information is attached. We are currently reviewing all contracts in OCS in which the scope of work is training of staff and community partners. Our FY'07 plan is to expand the capacity of our Training Academy's workforce development of State staff and staff in contracted community partners by utilizing the expertise and resources of institutions of higher education and expertise in the community through a new RFP.

**New Jersey Child Welfare Training Academy
Consultant / Training Contract Information for FY '06**

Consultant / Trainer	Intended Purpose
Cynthia Feinen	Medical Indicators - Foundation Course
HRDI	CQI Training Course
Human Systems and Outcomes	Quality Service Reviews of DYFS cases
James Romer	Parental High Risk Indicators; High Risk Mental Illness; Suicide Depression Training - Foundation Courses and Residential Centers
Janet Cahill, Computer Based Solutions	Training for hotline staff on changes in Child Welfare Assessment Policy
Jay Lappin	Post QSR review - work with Area Directors after a QSR review to review findings and determine improvement plan
John Goad	Training for child abuse hotline staff
Kathryn Seabolt	Family Team Meeting Training
Leadership Transformation Group	Executive Team Training, Consultation, Coaching and Development; Leadership Training of Supervisors and Managers; Curriculum Development
Richard Cleary	Physical Intervention & Handling Aggressive Behavior- Residential Centers
Rutgers-The Center for Families and Children	Concurrent Planning and Family Team Meeting Training
Stockton State College	BSW Consortium - Partnership with 7 state universities and colleges to recruit and train students in BSW programs
Winifred Coleman	Medical Indicators - Foundation Course

ADMINISTRATION AND SUPPORT SERVICES

26. In FY 2007, approximately \$9.0 million less in federal funds is anticipated for Services Other Than Personal, related to the Division of Child Behavioral Health, Administration and Support Services.

- **Question:** What accounts for this reduction in federal funds?

Answer: This apparent reduction in federal funds essentially results from the reclassification of the Contracted Systems Administrator (Value Options) from Direct State Services to Grant-in-Aid from FY 06 to FY 07. There has been no change in the cost of this service or in the state/federal funding mix between FY 06 and FY 07.

27. The FY 2007 budget recommends \$1.5 million for Information Technology in the Office of Children's Services. How the funds will be used and how it relates to other data processing expenditures, such as SACWIS, is not clear.

- **Question:** What is the \$1.5 million appropriation for and how does it relate to SACWIS?

Answer: These funds will be used for the OCS/DCF share of non SACWIS expenses related to enterprise licenses for hardware and software maintenance and the implementation of MS Exchange. (MS Enterprise Agreement, Web Sense, Verisign, Cisco, Oracle, Sun Servers & Messaging, McAfee, Avaya and WAN security).

28.a. In January 2004, a \$26.8 million contract was awarded to AMS/CGI Group to transfer and modify Wisconsin's child welfare information system to meet New Jersey's specifications. During October 2005, \$13.5 million in contract amendments were approved, thus increasing the project's cost by 50%, to \$40.3 million. A February 2006 revised Advance Planning Document (APD) submitted to the federal government does not indicate the project's estimated total cost.

- **Question:** How do project costs, benefits and completion dates differ in the revised APD from the original APD? What accounts for the delays and the additional costs? If the contractor's performance was the cause, were financial penalties sought from the contractor? Are additional contract amendments pending and what is the dollar value of the amendments?

Project Modifications and Change in NJ SPIRIT Budget		
Action	Cost	Date Approved
Original Bearing Point Contract	\$2,999,913	May 2003
Enhanced Management Support for State Project Management	\$280,000	April 2005
Bearing Point contract extension for Release 2	\$1,837,472	October 2005
Revised Bearing Point Cost	\$5,117,385	October 2005
Original CGI-AMS Contract	\$26,817,750	January 2004
Release 1.4 Project Modification	\$566,538	February 2005
Release 2 Project Modification	\$12,922,203	October 2005
Revised CGI-AMS Cost	\$40,306,491	October 2005
Original Total Estimated Project Cost	\$55,670,984	
Total Project Modifications	\$15,606,213	
Revised Total Estimated Project Cost	\$70,430,794	

Note: the revised total estimated cost of \$70.4 million reflects other cost reductions identified in the budget.

For this reason, the Original Total Estimated Cost (\$55.6 million) plus the Total Change Orders (\$15.6 million) does not equal \$71.2 million.

Examples of these cost savings include:

- Reducing the planned expenditures for the purchasing of Oracle licenses from \$3.6 million to \$1.5 million based upon a revised methodology (from “per user seat to per CPU).
- The enterprise level server equipment also came in lower than originally estimated (from \$5.6 million to \$5.1 million).

As a result, the total cost of the change orders exceeds the difference between the original cost of \$55.6 million and the revised cost \$70.4 million.

Original Schedule	Release 1: 11/04	Release 2 9/05	Release 3 3/06		
Revised Schedule	Release 1: 11/04 (Delivered on schedule)	Release 1.4 11/05 (Delivered on schedule)	Release 2, Phase 1: 6/06 (Currently on schedule)	Release 2 Phase 2 3/07 (Currently on schedule)	Release 3 12/07 (Currently on schedule)

Answer: The SACWIS implementation was rescheduled primarily due to two reasons:

- 1) Changes in practice required by the Child Welfare Reform Plan required major changes to the system design, which was already underway. The RFP for the NJ SACWIS project was written and advertised prior to the recommendations and Enforceables that came out of the child welfare litigation and the Child Welfare Reform Plan. The system that was selected for implementation from Wisconsin had been chosen as it had been the best fit to existing NJ child welfare practice prior to the reform effort. The baseline system needed additional modification to meet the new business practice of child welfare in NJ. The CWRP also resulted in increases of staff which increased the cost for items such as classroom training, documentation, as well as implementation support.
- 2) The baseline system from Wisconsin needed additional modifications to meet our financial business practice in NJ. Modifications to the system were necessary to interface with Treasury and changes were necessary to insure proper IV-E claiming as well as to insure that our providers and contracted agencies were reimbursed properly for their services.

28.b. As part of the State's contract with AMS/CGI Group, the State retains 10% of the invoice submitted by the vendor pending "certification by the State ... that all services and deliverables required under this contract have been successfully performed...."

The monthly progress reports indicate that the vendor's performance in various areas has not been adequate. For example, "CGI has not produced a comprehensive project plan for Release 2" according to the March 8, 2006 report.

- **Question:** How much in AMS/CGI payments are currently being retained and have been retained to date?

Answer: The project utilizes the current retainage schedule to insure that the vendor produces quality deliverables on time. The state has also occasionally held up payment of deliverables for several months until they meet our standards. There are currently no payments being held due to missed deliverables or deliverables that were unacceptable. The state has had the vendor occasionally bring on additional resources to make sure deliverables meet our standards. For example, in early 05, the vendor brought in approximately 30 staff who worked for over two months to manually enter information into our legacy system to meet a project requirement. The deliverable was not paid until this work was completed by these additional staff. This was an unanticipated cost that the vendor bore 100% responsibility for.

Fiscal Year: 2007
Fund Category: DSS
Department: 16
Statewide Program: 55
Organization:
Number of Columns: 4

Direct State Services
Department of Children and Families
Social Services Programs

Actual FY 2004	F N	Actual FY 2005	F N	Revised FY 2006	F N	Budget Estimate FY 2007	F N
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PROGRAM DATA

Education Services

Average enrollment (a) 1,325 1,356 1,568 1,568

Child Protective and Permanency Services

Active Caseload, Children Receiving Services 63,300 (b) 64,300 60,500 63,100
Active Caseload, Families 33,600 (b) 34,400 31,900 33,400

Ewing Residential Center

Average population 29 28 28 28
Rated capacity 36 36 36 36
Total program cost \$5,717,608 \$5,419,000 \$5,869,000 \$6,055,000
Average annual per capita \$197,159 \$193,536 \$209,607 \$216,250

Vineland Residential Center

Average population 37 36 36 36
Rated capacity 40 40 40 40
Total program cost \$5,851,944 \$5,739,000 \$6,152,000 \$6,352,000
Average annual per capita \$158,161 \$159,417 \$170,889 \$176,444

Woodbridge Residential Center

Average population 25 29 29 29
Rated capacity 30 30 30 30
Total program cost \$4,823,418 \$4,834,000 \$5,351,000 \$5,522,000
Average annual per capita \$192,937 \$166,690 \$184,517 \$190,414

Domestic Violence Program

Clients served 183,000 205,000 206,000 206,000
Total program cost \$11,265,000 \$13,071,000 \$14,492,000 \$14,492,000

Resource Family Placements (c)

Average daily population 5,072 8,970 8,587 8,476
Total program cost \$58,605,000 \$74,679,000 \$78,923,000 \$76,158,000
Average annual per capita \$11,555 \$8,325 \$9,191 \$8,985

Adoption Subsidies

Average daily population 8,065 8,829 9,351 9,816
Subsidy cost \$58,605,000 \$67,650,000 \$72,213,000 \$76,422,000
Average annual per capita \$7,267 \$7,662 \$7,722 \$7,785

Independent Living Placements

Number of children 121 131 134 138
Total program cost \$5,486,000 \$5,506,000 \$5,355,000 \$5,516,000
Average annual per capita \$45,339 \$42,031 \$39,963 \$39,971

Residential Placements (d)

Average daily population 134 145 151 157
Total program cost \$11,199,000 \$12,302,000 \$12,969,000 \$13,554,000
Average annual per capita \$83,575 \$84,841 \$85,887 \$86,331

Group Home Placements (d)

Average daily population 186 186 188 193
Total program cost \$11,535,000 \$11,496,000 \$11,531,000 \$11,324,000
Average annual per capita \$62,016 \$61,806 \$61,335 \$58,674

Treatment Home Placements (d)

Average daily population 67 76 84 90
Total program cost \$1,746,000 \$3,068,000 \$2,697,000 \$2,568,000
Average annual per capita \$26,060 \$40,368 \$32,107 \$28,533

Shelter Care Placements

Average number of children	415	413	381	392
Total program cost	\$14,517,000	\$14,875,000	\$16,865,000	\$17,073,000
Average annual per capita	\$34,981	\$36,017	\$44,265	\$43,554
Family Support Services				
Total program cost	\$60,783,000	\$67,647,000	\$67,773,000	\$70,686,000
Child Behavioral Health Services				
Care Management Organizations - Treatment Slots	n/a	1,840	2,520	2,700
Family Support Organizations - Family Slots	n/a	1,022	2,800	3,068
Behavioral Assistance and Intensive In-Home				
Community Services Hours	n/a	200,982	531,439	703,125
Mobile Response and Stabilization Services -				
Families Served	n/a	6,160	7,440	7,680
Youth Case Management				
Case Managers	n/a	30	134	244
Case Managers - Division of Mental Health Services	n/a	53	53	n/a
Slots Available	n/a	652	2,948	4,774
Slots Available - Division of Mental Health Services	n/a	1,166	726	n/a
Out of Home Treatment Services				
Bed Days Available	n/a	699,916	882,818	997,284
Partial Care/Partial Hospitalization - Treatment Slots	n/a	n/a	n/a	1,907
Outpatient Services				
Hours Available	n/a	n/a	n/a	143,118
Prevention and Community Partnership Services				
Child Welfare Planning Councils Supported	n/a	3	21	21
Collaboratives Supported	n/a	14	18	18
Additional School Based Youth Services Program				
Expansions Supported	n/a	19	37	37

PERSONNEL DATA

Position Data

Filled positions by Funding Source

State Supported	3,266	3,931	4,269	4,505
Federal	681	722	1,435	1,632
All Other	450	452	474	483
Total Positions	4,397	5,105	6,178	6,620

Filled Positions by Program Class

Education Services	494	516	560	
Child Protective and Permanency Services	3,450	4,154	5,059	
Prevention and Community Partnership Services			5	
Training Academy Services and Operations				
Administration and Support Services	453	435	554	
Total Positions	4,397	5,105	6,178	6,620

Notes:

Actual payroll counts are reported for fiscal years 2004 and 2005 as of December and revised fiscal year 2006 as of March and adjusted to reflect the prospective shift of State positions to federal positions. The Budget Estimate for fiscal year 2007 reflects the number of positions funded and will be allocated by program class upon approval of a revised Child Welfare Reform Plan.

Program expenditure data includes funds appropriated for cost of living adjustments and special purpose appropriations.

The evaluation data for FY 2007 does not reflect increased services that will occur upon approval of a revised Child Welfare Reform Plan.

(a) includes State Facilities Education Act (SFEA) Residential, Regional, State Responsible, and District Placed students.

(b) Both the FY 06 and 07 projected child and family caseloads have been updated utilizing actual data through March 2006.

(c) The Actual FY 2005, Revised FY 2006 and the FY 2007 Budget Estimate include both paid Foster Care and Relative Care Placements as well as the resources from the Child Welfare Reform that support these placements. Actual FY 2004 data does not include paid Relative Care Placements.

(d) Data reflects only Division of Youth and Family Services (DYFS) paid placements. DYFS clients served by the Division of Medical Assistance and Health Services in the Department of Human Services and the Division of Child Behavioral Health Services, and the related expenditures, are not displayed here.