

*Testimony of Kevin M. Ryan, Commissioner
Before the Assembly Budget Committee
April 20, 2006*

Good morning and thank you for the opportunity to appear before you today in support of Governor Corzine's recommended appropriation for the proposed Department of Children and Families.

Governor Corzine and I share your concerns with respect to the safety of our children and the performance of our public child welfare system. Many of you hail from the business world, where you know that investments in the context of a well managed plan can yield good results. For the past 2 ½ years as the state's child advocate, I have observed and reported on the strengths and weaknesses of the reform effort. I understand how high the stakes are for kids, and I remain as committed to the aggressive reform of this agency today in my role as commissioner as I have ever been.

The child welfare reform has stalled because the underlying plan, while ambitious in many positive ways, lacked a careful setting of priorities. The state has tried to do too much at once, sometimes before it was ready to do so. My staff and I have been carefully reviewing the programmatic actions of the past so we can learn from history and build a do-able turnaround plan for this agency. Many of us have been frustrated by the pace of this reform effort. I will be the first to say the child welfare system will not improve if the only thing we do is spend more money. But it is also true the system can only become better for kids and families – all of whom desperately need it to work – if we provide the resources to tackle our largest problems.

Since Governor Corzine's very first day in office, we have been focusing on the fundamentals of child welfare to set the course for a reform that works for kids. With input from many of New Jersey's best informed child advocates and public administrators, we are developing a turnaround plan that maps out the changes in the system we want to achieve, and the strategies we will use to get there. I would like very briefly to review with you cornerstones of the plan we are proposing, and how the Governor's requested appropriation supports this work.

Out of a total of \$1.4 billion for the Department of Children and Families, \$974 million are state funds. Seventy-five percent, or \$739 million, is simply a continuation of funds from the Office of Children Services' FY06 budget.

The Governor proposes an additional \$235 million for DCF. Nearly half of those needed funds, or \$103 million, will be funds shifted from the current DHS budget. These are resources that are currently being used for child welfare services, such as children's mental health services and DHS police. In other words, these are existing services, already contained in the DHS FY '06 base budget, which we need and would access regardless of where children's services operates – either within DHS or as a new department.

Much of the rest represents a continuation of existing services that must grow in proportion to the growth in the number of children and families we serve. These are services falling in the area of the annualization of the salaries of additional staff, annualization of the costs of the phase-up of mental health supports for children and improving the licensing of foster homes. Approximately \$63 million is simply annualized funds and anticipated caseload growth.

The balance of \$52 million is delineated as Child Welfare Reform in the second vertical column of the line-by-line analysis attached to my testimony, and represents the funds needed to continue the improvements in child welfare in key areas: caseloads and training; adoption practice; mental health services for children; and abuse prevention.

These are priority funds to deliver child welfare services, not funds to create a new department. Any and all costs to create a new administration, such as new salaries and even letterhead, will be covered by efficiencies and cost savings we've created in the existing DHS budget. To that end, my team and I have been evaluating the best use of new and existing resources. We have, for example, eliminated the deputy commissioner position for the Office of Children's Services and have consolidated the DYFS director and OCS Operations director into a single Director of DYFS. We have also consolidated the Mercer and Burlington Area Offices and eliminated one of two Essex Area Offices. These represent just a few of the efficiencies that we have implemented.

Next month, we will negotiate with Children's Rights, Inc., to resolve, I hope, their pending motion in federal court which seeks to find the State in contempt of the current settlement agreement. At the conclusion of these negotiations, our turnaround plan will be fully developed. I request, Mr. Chairman, the opportunity to return to the Committee at the conclusion of

those negotiations to share this information and answer questions you may have about it.

Very briefly, I would like to highlight several of the principal areas in our turnaround plan, with budget components among the \$52 million.

- **Caseloads and Training** – The volume of child abuse and neglect allegations has risen sharply from just under 4,000 new investigations in December 2004 to just under 7,000 new investigations last month. That directly impacts caseloads, but we cannot talk about reducing caseloads without talking about training. If our staff is not properly trained and supervised by experienced workers who have been trained in the same manner, more staff does not necessarily mean better outcomes for kids and families. Since January 17th, we have focused on training caseworkers and their frontline supervisors. The budget invests in the DYFS frontline caseload carrying workforce, their supervisors, and their training needs by requesting \$19.4 million to support 200 positions reallocated from Brisbane to the frontlines and 88 supervisory and support positions brought online since January 17th.
- **Adoption** – We need to do everything in our power to work toward permanency for children in our system. For most children, that should involve reunification with their families. For others, it means adoption. But since the dissolution of the Adoption Resource Centers within DYFS two years ago, the public adoption practice has been adversely impacted - hundreds of kids are waiting for placements in pre-adoptive homes. We need to rebuild that frontline specialized adoption practice in this system. Using existing positions already allocated, we will integrate into our offices specialized adoption units charged to process and achieve adoptions for eligible children. The annualization of existing salary expenses, redeployed to specialized adoption work, proposed by Governor Corzine in this budget will fund this work.
- **Out-Of-State Placements and Deinstitutionalization** – Nearly 300 New Jersey children are placed out-of-state, which can be far from their families and home communities. Some children continue to be warehoused in detention centers awaiting appropriate residential treatment services. We can do so much more for our children and their families if we turn away from a long public proclivity towards institutionalization because of otherwise scarce resources. I met scores of these kids over the last two years, many with mental health needs

who were languishing in detention centers, CCIS units, and psychiatric hospitals waiting for an appropriate bed to become available. Elevating this issue was a top priority for me as child advocate, and continues to be a top priority for me as commissioner. The budget requests \$20.75 million to create additional service capacity for children with mental health needs, and \$2.45 million to build new capacity for children with developmental disabilities

- **Prevention** – We must re-engineer our child abuse prevention efforts. Prevention reform efforts over the last year built a new administrative infrastructure, largely here in Trenton. We need to move prevention efforts into the communities where they matter for kids and families. To that end, we have streamlined the number of staff in our Prevention office from 60 to 30. Going forward, we will develop a continuum of evidence-based programs based on an already written plan – conceived by the New Jersey Task Force on Child Abuse and Neglect - to strengthen families and promote child well-being by providing technical assistance and grants. In this manner, I know we can build real and enduring services in our communities for primary, secondary and tertiary child abuse prevention. The annualization funds and the \$2.2 million increase requested for prevention is for a new home visitation program, which has proven highly successful in other states and jurisdictions in early identification of at-risk families. It represents prevention in its purest form.

Like many of you, I have had many questions about the implementation of the new technology system, NJ Spirit. This is a system New Jersey decided to take on in May 2003. Just three months in this position, I can not rationalize the delays in implementing this system. However, I can tell you that I have elevated the management of this project to the highest levels of my operation. I can tell you how much money this project has cost the state and what it has delivered so far since part of the program is, in fact, up and running.

First the funding: a total of \$31.5 million has been invested in the development of SACWIS since FY 2003, half of which – \$15.75 million – has been provided in federal funds. It is projected that the entire project will cost approximately \$70.4 million, half of which is covered by federal funding. This system will replace one of the oldest legacy systems in the country and allow the agency to track the performance of our workforce in the field in ways never before possible. Just three years ago during a site

visit, I walked into the Newark DYFS Office for the first time and found scores of workers tracking their cases on yellow post-it notes tacked to their cubicle walls. Within the next 11 months, that sorry history will end and a new chapter of modernized technology will be functional for our DYFS operations statewide.

Prior to NJ Spirit, all calls that came into our Child Abuse and Neglect call center, which receives approximately 18,000-20,000 calls a month, were initially recorded manually in 40 different locations making it nearly impossible to track and develop reports on these calls.

The implementation of NJ Spirit has allowed us to record intake calls and track them from the very first moment they are received – not 15 to 30 days later which is how the paper-based legacy system has worked.

NJ Spirit also allows us to track exactly how long it takes from the time we receive a call, all the way to the time our first responder receives the report for investigation or response. This was never possible in the legacy system.

The next phase of NJ Spirit will be completed by March 2007 and will provide staff an integrated data management tool that will support their daily work of protecting children. This includes investigation, safety assessment, case planning and the placement of children. I want to assure you that my management team and I have been and will continue to manage closely the implementation schedule and contract for this new system.

Finally, I request your support for Governor Corzine's proposal to carve out the Office of Children's Services into a free-standing department. The creation of the new department alone, of course, will not suddenly fix the child welfare system, but it is a critical component. The separate department will not only allow us to better focus on the urgent need to improve New Jersey's child welfare system, it will also allow more concentration and progress on meeting the vital needs of all New Jersey's vulnerable resident. A more streamlined Department of Human Services will also allow more focused attention on programs including those serving persons with developmental disabilities and mental illness.

I believe the current structure, with the child welfare system embedded in DHS, has been a significant factor in the state's inability to achieve the aggressive, focused and effective reform we need. The magnitude of DHS

is enormous: It has more than 22,000 employees and a budget almost one-third of the entire state budget. That's why the Governor, his child welfare transition policy group, the New Jersey Child Welfare Panel and I believe that a separate department is an important step.

Thank you and I welcome your questions.

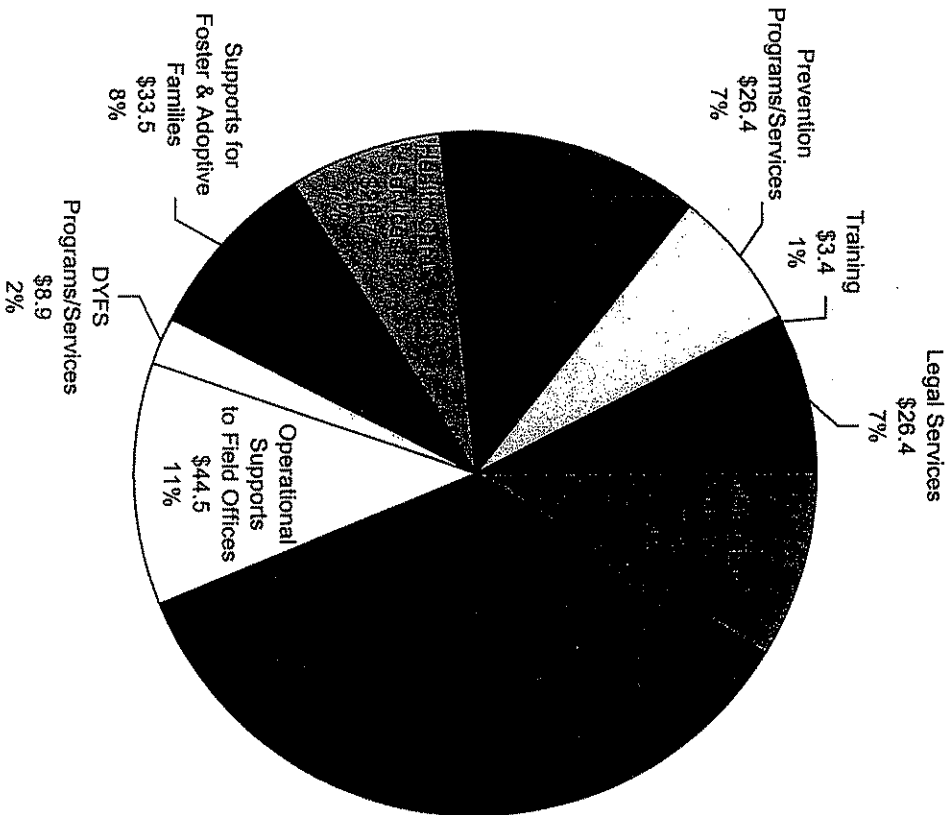
Department of Children and Families
FY 2007 Annualized, Caseload Growth & CWR Proposed Funding
(\$000)

Division or Program	Base Annualized & Caseload Growth	CWR Proposed	Total
<u>Child Welfare Training Academy</u>			
Annualized University Partnerships BSW Education Partnerships Program	\$650	\$0	\$650
<u>Division of Child Behavioral Health Services</u>			
Grants In Aid Treatment Homes	\$13,862	\$10,000	\$23,862
Grants in Aid Behav Asst	\$7,005	\$0	\$7,005
Grants in Aid FSO	\$1,355	\$0	\$1,355
Grants in Aid CMO	\$1,193	\$0	\$1,193
Grants In Aid Youth Incentive Prog	\$473	\$0	\$473
Grants In Aid Community Mental Health Services	\$0	\$10,750	\$10,750
Annualized Cost related to CSA	\$346	\$0	\$346
DDD/CBH Initiative for Dually Diagnosed Children	\$0	\$2,450	\$2,450
<u>Division of Prevention and Community Partnerships</u>			
Area Prevention and Support	\$150	\$0	\$150
Family Support Services	\$2,500	\$0	\$2,500
Domestic Violence Services	\$3,225	\$0	\$3,225
Home Visitation	\$0	\$2,200	\$2,200
School Based Youth Svs.Prog.	\$4,000	\$0	\$4,000
<u>Division of Youth and Family Services</u>			
Annualization of FY'06 Positions	\$6,941	\$5,400	\$12,341
Conversion Brisbane to Direct Care	\$0	\$14,017	\$14,017
Paralegals to Facilitate Adoption Practice	\$0	\$2,900	\$2,900
Operational Support to Direct Care Staff	\$0	\$2,850	\$2,850
Treatment Homes	\$732	\$0	\$732
Residential Placements	\$439	\$0	\$439
Family Support Services	\$5,941	\$0	\$5,941
Subsidized Adoption	\$5,377	\$0	\$5,377
Nurses in Local Offices	\$900	\$0	\$900
Health Exams Foster Children	\$1,170	\$0	\$1,170
RDTF Funding Rate Increase	\$0	\$1,700	\$1,700
Mentor Services	\$150	\$0	\$150
Resource Family Board Rates to 25% USDA Rate	\$1,599	\$0	\$1,599
<u>Office of the Public Defender</u>			
Office of Public Defender	\$4,700	\$0	\$4,700
Total	\$62,708	\$52,267	\$114,975

	Summary		
	State	Federal	Total
Direct State Services	\$37,727	\$6,540	\$44,267
Grants in Aid	\$14,540	\$7,270	\$21,810
Special Purpose Accounts*	\$52,267	\$13,810	\$66,077

* can be realigned per the revised reform plan

Child Welfare Reform Fiscal Years 2004-2006 State Funds \$394.4 Million



Operational Support to Field Offices
\$44.5 Million
11%

Includes:

- Equipment supplies such as computers, vehicles, cell phones.
- Abuse hotline call center upgrades
- Foster home recruitment

DYFS Programs/Services
\$8.9 Million
2%

Includes:

- Child care services
- Homelessness prevention programs
- Adolescent supports

Operational Support to Field Offices
\$44.5 Million
11%

Includes:

- Equipment supplies such as computers, vehicles, cell phones.
- Abuse hotline call center upgrades
- Foster home recruitment

Supports for Foster & Adoptive Families
\$33.5 Million
8%

Includes:

- Increased board rates for foster and relative caregivers
- Expanded support services

DYFS Programs/Services
\$8.9 Million
2%

Includes:

- Child care services
- Homelessness prevention programs
- Adolescent supports

Operational Support to Field Offices
\$44.5 Million
11%

Includes:

- Equipment supplies such as computers, vehicles, cell phones.
- Abuse hotline call center upgrades
- Foster home recruitment

DYFS Direct Care Staff
\$138.7 Million
35%

Includes:

- Caseworkers & aides
- Foster and adoptive family supportive staff
- Frontline supervisors
- Human services police
- Institutional abuse investigations

Health Care Services
\$28.7 Million
7%

Includes:

- Substance abuse treatment
- Medical evaluations for foster children
- Adding nurses to local DYFS offices

Training
\$3.4 Million
1%

Includes:

- Development of training academy
- Child protective investigation training
- Foster and adoptive family training

OCS Non Direct Care Staff
\$34.6 Million
9%

Includes:

- Child behavioral
- Prevention & training
- Licensing

Training
\$3.4 Million
1%

Includes:

- Development of training academy
- Child protective investigation training
- Foster and adoptive family training

Health Care Services
\$28.7 Million
7%

Includes:

- Substance abuse treatment
- Medical evaluations for foster children
- Adding nurses to local DYFS offices

DYFS Direct Care Staff
\$138.7 Million
35%

Includes:

- Caseworkers & aides
- Foster and adoptive family supportive staff
- Frontline supervisors
- Human services police
- Institutional abuse investigations

Child Behavioral Health Programs/Services
\$49.3 Million
13%

Includes:

- Mobile response and intensive in-home assistance
- Youth case managers
- Developing treatment homes and behavioral health placements

Prevention Programs/Services
\$26.4 Million
7%

Includes:

- School Based Youth Services
- Expanded domestic violence services and programs

Legal Services
\$26.4 Million
7%

Includes:

- Law guardians and parental representation
- Deputy attorneys general
- Court Appointed Special Advocates (CASA)