



**ANALYSIS OF THE NEW JERSEY BUDGET**

**DEPARTMENT OF  
CHILDREN AND FAMILIES**

**FISCAL YEAR**

**2007 - 2008**

# NEW JERSEY STATE LEGISLATURE

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# DEPARTMENT OF CHILDREN AND FAMILIES

Budget Pages..... C-8, C-15, C-22, D-33 to D-45,  
E-2.

## Fiscal Summary (\$000)

	Expended FY 2006	Adjusted Appropriation FY 2007	Recommended FY 2008	Percent Change 2007-08
State Budgeted	\$762,129	\$1,011,620	\$1,060,974	4.9%
Federal	330,625	393,534	376,910	(4.2%)
<u>Other</u>	<u>31,230</u>	<u>30,036</u>	<u>58,013</u>	<u>93.1%</u>
Grand Total	\$1,123,984	\$1,435,190	\$1,495,897	4.2%

## Personnel Summary - Positions By Funding Source

	Actual FY 2006	Revised FY 2007	Funded FY 2008	Percent Change 2007-08
State	4,593	4,568	5,028	10.1%
Federal	865	1,463	1,604	9.6%
<u>Other</u>	<u>461</u>	<u>469</u>	<u>487</u>	<u>3.8%</u>
Total Positions	5,919	6,500	7,119	9.5%

FY 2006 (as of December) and revised FY 2007 (as of September) personnel data reflect actual payroll counts. FY 2008 data reflect the number of positions funded

## Key Points

- **Direct State Services** appropriations increase by \$16.3 million, from \$293.1 million to \$309.5 million.

The increase is primarily related to an additional \$10.0 million for Personal Services in the Child Protective and Permanency Services program (DYFS) to increase staffing by about 400, to nearly 5,900 (gross). Overall funding for Personal Services is \$240.1 million.

Special Purpose appropriations increase by \$5.0 million for Safety and Security Services (\$2.0 million) and for NJ Partnership for Public Child Welfare (\$3.0 million). Services Other Than Personal appropriations for Administration and Support Services increase \$2.4 million.

Offsetting these increases, the Maintenance and Fixed Charges accounts of the Education Services program is reduced by over \$1.0 million as line of credit payments related to the purchase of school buses decrease.

- **Grants-in-Aid** appropriations increase by \$43.0 million, from \$708.5 million to \$751.5 million.

**Key Points (Cont'd)**

With the exception of \$6.8 million to provide community agencies with a 2% cost of living adjustment, effective January 2008, the remaining \$36.2 million supports ongoing programs such as Foster Care and Subsidized Adoption and programs that were initiated as part of Child Welfare Reform such as Area Prevention and Support Services.

Similarly, total Grants-in-Aid funding from all sources increase by \$77.2 million, from \$894.0 million to \$971.3 million. Over \$27.0 million of the increase is related to certain funds received from the Department of Education for education services not being reflected in the FY 2007 adjusted appropriation. The balance of the increase, approximately \$50.0 million, is related to the costs of ongoing programs mentioned in the previous paragraph.

- **Capital Construction.** Though no direct appropriation is recommended, budget language, p. D-45, appropriates \$2.4 million for additional costs associated with the Statewide Automated Child Welfare Information System.
- **Federal Funds** decrease \$16.6 million, from \$393.5 million to \$376.9 million. The reduction is primarily related to less federal Title IV-E revenues (FY 2007 - \$127.7 million and FY 2008 - \$99.2 million).
- **Other Funds** increase by nearly \$28.0 million, from about \$30.0 million to \$58.0 million. As previously mentioned, the increase is misleading as the FY 2007 adjusted appropriation does not reflect funds received from the Department of Education.

**Background Paper:**

- Statewide Automated Child Welfare Information System Funding History.....p. 20.

**Fiscal and Personnel Summary**

**AGENCY FUNDING BY SOURCE OF FUNDS (\$000)**

	Expended FY 2006	Adj. Approp. FY 2007	Recom. FY 2008	Percent Change	
				2006-08	2007-08
<b>General Fund</b>					
Direct State Services	\$190,875	\$293,103	\$309,450	62.1%	5.6%
Grants-In-Aid	565,978	708,517	751,524	32.8%	6.1%
State Aid	0	0	0	0.0%	0.0%
Capital Construction	5,276	10,000	0	( 100.0%)	( 100.0%)
Debt Service	0	0	0	0.0%	0.0%
<b>Sub-Total</b>	<b>\$762,129</b>	<b>\$1,011,620</b>	<b>\$1,060,974</b>	<b>39.2%</b>	<b>4.9%</b>
<b>Property Tax Relief Fund</b>					
Direct State Services	\$0	\$0	\$0	0.0%	0.0%
Grants-In-Aid	0	0	0	0.0%	0.0%
State Aid	0	0	0	0.0%	0.0%
<b>Sub-Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Casino Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Casino Control Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0%</b>	<b>0.0%</b>
<b>State Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Federal Funds</b>	<b>\$330,625</b>	<b>\$393,534</b>	<b>\$376,910</b>	<b>14.0%</b>	<b>(4.2%)</b>
<b>Other Funds</b>	<b>\$31,230</b>	<b>\$30,036</b>	<b>\$58,013</b>	<b>85.8%</b>	<b>93.1%</b>
<b>Grand Total</b>	<b>\$1,123,984</b>	<b>1,435,190</b>	<b>1,495,897</b>	<b>33.1%</b>	<b>4.2%</b>

**PERSONNEL SUMMARY - POSITIONS BY FUNDING SOURCE**

	Actual FY 2006	Revised FY 2007	Funded FY 2008	Percent Change	
				2006-08	2007-08
State	4,593	4,568	5,028	9.5%	10.1%
Federal	865	1,463	1,604	85.4%	9.6%
All Other	461	469	487	5.6%	3.8%
<b>Total Positions</b>	<b>5,919</b>	<b>6,500</b>	<b>7,119</b>	<b>20.3%</b>	<b>9.5%</b>

FY 2006 (as of December) and revised FY 2007 (as of September) personnel data reflect actual payroll counts. FY 2008 data reflect the number of positions funded.

**AFFIRMATIVE ACTION DATA**

Total Minority Percent	Not available.	Not available.	Not available.	—	—
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**Significant Changes/New Programs (\$000)**

<u>Budget Item</u>	<u>Adj. Approp. FY 2007</u>	<u>Recomm. FY 2008</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
Direct State Services	<u>\$293,103</u>	<u>\$309,450</u>	<u>\$16,347</u>	<u>5.6%</u>	D-42
Child Protective and Permanency Services	\$212,659	\$222,659	\$10,000	4.7%	D-41
Child Behavioral Health Services	\$2,119	\$2,119	0	—	D-41
Prevention and Community Partnership Services	\$767	\$767	0	—	D-41
Education Services	\$11,094	\$10,041	(\$1,053)	(9.5%)	D-41
Child Welfare Training Academy Services and Operations	\$6,520	\$9,520	\$3,000	46.0%	D-41
Safety and Security Services	\$2,575	\$4,575	\$2,000	77.7%	D-41
Administration and Support Services	\$57,369	\$59,769	\$2,400	4.2%	D-41

The \$16.3 million increase is related to the 2004 Child Welfare Reform Plan, as revised July 2006.

Within the overall \$16.3 million increase, Personal Services appropriations increase by \$10.0 million, from \$230.1 million to \$240.1 million. Personal Services costs within Child Protective and Permanency Services increase by \$10.0 million to \$183.9 million and are intended to increase overall staff by 400.

Personal Services costs for the following programs are funded from State resources at FY 2007 levels: Child Behavioral Health Services (\$2.1 million), Prevention and Community Partnership Services (\$0.8 million), Education Services (\$6.2 million), Child Welfare Training Academy Services and Operations (\$3.7 million) and Administration and Support Services (\$43.5 million).

Other increases include: Safety and Security Services - \$2.0 million for Special Purposes; Child Welfare Training Academy Services and Operations - \$3.0 million for Special Purpose appropriation for NJ Partnership for Child Welfare; and Administration and Support Services - \$2.4 million for costs related to Services Other Than Personal.

**Significant Changes/New Programs (\$000) (Cont'd)**

<u>Budget Item</u>	<u>Adj. Approp. FY 2007</u>	<u>Recomm. FY 2008</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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Education Services appropriations decrease by about \$1.1 million in the Maintenance and Fixed Charges account, as line of credit payments related to the purchase of school buses decline.

Though State funding for Direct State Services increases by \$16.3 million, combined State, federal and other funding for Direct State Services is reduced by \$6.5 million. The amount of federal funds used to support these operations decreases by \$23.5 million, from \$211.3 million to \$187.7 million.

<b>Grants-in-Aid (GENERAL FUND)</b>	<b><u>\$708,517</u></b>	<b><u>\$751,556</u></b>	<b><u>\$43,039</u></b>	<b><u>6.1%</u></b>	<b>D-43</b>
<b>Child Protective and Permanency Services</b>	<b>\$380,861</b>	<b>\$409,355</b>	<b>\$28,494</b>	<b>7.5%</b>	<b>D-42</b>
<b>Division of Child Behavioral Health Services</b>	<b>\$278,339</b>	<b>\$283,552</b>	<b>\$5,213</b>	<b>1.9%</b>	<b>D-42</b>
<b>Prevention and Community Partnership Services</b>	<b>\$49,317</b>	<b>\$58,617</b>	<b>\$9,300</b>	<b>18.9%</b>	<b>D-42</b>

The \$43.0 million increase primarily represents ongoing costs for existing programs/activities based on current and anticipated utilization patterns.

The recommended \$751.6 million State appropriation is supplemented by \$189.2 million in federal funds and \$30.6 million in Other Funds (\$27.3 million for education services and \$3.2 million in various recoveries). It is noted that over the past several years, the budget has overestimated federal funds resulting in additional State funds being provided to offset the shortfall. In FY 2007, approximately \$15.0 million in supplemental State appropriations are anticipated to address this shortfall.

The following recommended appropriations are noted:

**Child Protective and Permanency Services**

<b>Community Provider Cost of Living Adjustment (Child Protective and Permanency Services)</b>	<b>na</b>	<b>\$3,558</b>	<b>\$3,558</b>	<b>—</b>	<b>D-43</b>
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Providers of services to the Child Protective and Permanency Services program will receive a 2.0% cost of living adjustment, effective January 2008.

**Significant Changes/New Programs (\$000) (Cont'd)**

<u>Budget Item</u>	<u>Adj. Approp. FY 2007</u>	<u>Recomm. FY 2008</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
<b>Capital Improvements for Child Advocacy Centers</b>	<b>\$2,000</b>	<b>\$0</b>	<b>(\$2,000)</b>	<b>( 100.0%)</b>	<b>D-43</b>

These one-time funds are not continued, although proposed budget language would enable any unspent funds to be used in FY 2008.

The centers are intended to provide one focal point for the investigation of sexual and physical abuse allegations of children, and to increase the prosecution and conviction rates and reduce foster care placements. The department issued a Request for Proposal in December 2006 with respect to these funds. Child advocacy centers in the following counties were awarded funds: Monmouth County CAC; Union County CAC; Wynona Lipman CAC, Essex; Burlington CAC; and Hudson County CAC.

<b>Family Support Services (Gross)</b>	<b><u>\$71,078</u></b>	<b><u>\$75,721</u></b>	<b><u>\$ 4,643</u></b>	<b><u>6.5%</u></b>	<b>D-43</b>
<b>State</b>	<b>\$69,238</b>	<b>\$73,881</b>	<b>\$ 4,643</b>	<b>6.7%</b>	
<b>Federal</b>	<b>\$1,840</b>	<b>\$1,840</b>	<b>\$0</b>	<b>—</b>	

Costs associated with case management services, emergency services, assessment services and family services are expected to increase. Utilization information is not provided.

<b>Foster Care (Gross)</b>	<b><u>\$94,972</u></b>	<b><u>\$102,974</u></b>	<b><u>\$ 8,002</u></b>	<b><u>8.4%</u></b>	<b>D-43</b>
<b>State</b>	<b>\$81,200</b>	<b>\$86,617</b>	<b>\$5,417</b>	<b>6.7%</b>	
<b>Federal</b>	<b>\$13,772</b>	<b>\$16,357</b>	<b>\$2,585</b>	<b>18.8%</b>	

The number of children in foster care is expected to increase by over 800, to nearly 11,600 placements, including over 3,000 Kinship Care Guardianship Placements and nearly 8,600 Resource Family Placements.

<b>Subsidized Adoptions (Gross)</b>	<b><u>\$80,265</u></b>	<b><u>\$90,460</u></b>	<b><u>\$10,195</u></b>	<b><u>12.7%</u></b>	<b>D-43</b>
<b>State</b>	<b>\$79,188</b>	<b>\$85,680</b>	<b>\$6,492</b>	<b>8.2%</b>	
<b>Federal</b>	<b>\$1,077</b>	<b>\$4,780</b>	<b>\$3,703</b>	<b>343.8%</b>	

The number of Subsidized Adoptions is expected to increase by nearly 1,150, to over 11,500. The department has placed additional emphasis on this activity and as a result, the department was awarded \$0.5 million in federal incentive funds for increasing the number of subsidized adoptions.



**Significant Changes/New Programs (\$000) (Cont'd)**

<u>Budget Item</u>	<u>Adj. Approp. FY 2007</u>	<u>Recomm. FY 2008</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
<b>Wynona M Lipman Child Advocacy Center, Essex County</b>	<b>\$1,032</b>	<b>\$521</b>	<b>(\$ 511)</b>	<b>( 49.5%)</b>	<b>D-43</b>

Overall funding is not reduced. The center's contract had included funds for capital improvements, and the center will receive capital funds from the Capital Improvements for Child Advocacy Centers appropriation to offset the reduction.

<b>Purchase of Social Services (Gross)</b>	<b><u>\$60,842</u></b>	<b><u>\$67,521</u></b>	<b><u>\$ 6,679</u></b>	<b><u>11.0%</u></b>	<b>D-43</b>
<b>State</b>	<b>\$47,084</b>	<b>\$53,975</b>	<b>\$ 6,891</b>	<b>14.6%</b>	
<b>Federal</b>	<b>\$13,758</b>	<b>\$13,546</b>	<b>(\$212)</b>	<b>( 1.5%)</b>	

The increase reflects the estimated costs of providing various social services to children and families. No utilization information is provided.

**Child Behavioral Health Services**

<b>Outpatient</b>	<b>\$4,668</b>	<b>\$5,668</b>	<b>\$ 1,000</b>	<b>21.4%</b>	<b>D-44</b>
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The increase reflects the estimated costs of providing services to an additional 1,100 children, for a total of 11,800 children.

<b>Partial Care</b>	<b>\$5,772</b>	<b>\$6,772</b>	<b>\$ 1,000</b>	<b>17.3%</b>	<b>D-44</b>
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The increase reflects the estimated cost of providing services to an additional 450 children, for a total of 3,050.

<b>Community Provider Cost of Living Adjustment (Child Behavioral Health Services)</b>	<b>na</b>	<b>\$3,213</b>	<b>\$3,213</b>	<b>-</b>	<b>D-44</b>
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Providers of services to the Child Behavioral Health Services program will receive a 2.0% cost of living adjustment, effective January 2008.

**Significant Changes/New Programs (\$000) (Cont'd)**

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2007</u>	<u>Recomm.</u> <u>FY 2008</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
<b>Prevention and Community Partnership</b>					
<b>Area Prevention and Support Services</b>	<b>\$4,471</b>	<b>\$7,771</b>	<b>\$ 3,300</b>	<b>73.8%</b>	<b>D-44</b>
<b>Family Support Services</b>	<b>\$5,874</b>	<b>\$11,874</b>	<b>\$6,000</b>	<b>102.1%</b>	<b>D-44</b>

These two programs support activities intended to prevent child abuse and neglect and address family issues before they develop into abuse and neglect situations and require State intervention. The programs support such activities as: home visitation, parent education, family support centers, and a differential response program that is to be implemented in four counties.

The FY 2008 recommended appropriation for Family Support Services incorporates the Collaboratives program which provided grants to community based organizations. In FY 2007, Collaboratives were appropriated \$2.8 million.

**Education Services**

<b>Educational Program Services (Other Funds)</b>	<b>\$0</b>	<b>\$27,302</b>	<b>\$27,302</b>	<b>—</b>	<b>D-44</b>
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The FY 2007 adjusted appropriation does not display the comparable amount that will be received from the Department of Education for educational services provided to children that is billed to local school districts. The FY 2008 recommended appropriation reflect funds received from the Department of Education. There is no significant increase in overall expenditures for this program depending on the number of children served and the rates established by the Department of Education.

**Administration and Support Services**

<b>Community Based Child Abuse Prevention (Federal)</b>	<b>\$</b>	<b>\$866</b>	<b>\$ 866</b>	<b>—</b>	<b>D-44</b>
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The recommended appropriation is for an anticipated federal grant related to child abuse prevention.

**Significant Changes/New Programs (\$000) (Cont'd)**

<u>Budget Item</u>	<u>Adj. Approp. FY 2007</u>	<u>Recomm. FY 2008</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
<b>Capital Construction:</b>					
<b>State Automated Child Welfare Information System</b>	<b>\$10,000</b>	<b>\$0</b>	<b>(\$10,000)</b>	<b>( 100.0%)</b>	<b>D-44</b>

Pursuant to budget language, D-45, \$2.4 million is appropriated for the project. Including the proposed \$2.4 million appropriation, the State has appropriated a total \$37.0 million for the project since FY 2001, which is matched by an equal amount of federal funds.

The proposed budget language would also require the submission of reports (in September and March) to the Legislature and to various Executive Branch agencies on the status of the project and other project information.

## Language Provisions

### 2007 Appropriations Handbook

No comparable language provision.

### 2008 Budget Recommendations

**p. B-45.**

Notwithstanding the provisions of any law or regulation to the contrary, there is appropriated an amount not to exceed \$2,400,000 for the State Automated Child Welfare Information System, subject to the approval of the Director of the Division of Budget and Accounting. The Commissioner of the Department of Children and Families shall provide the Office of Management and Budget, the Office of Legislative Services, and the Commission on Capital Budgeting and Planning with two reports, due in September and March, containing the details of the project deliverables, release dates of each phase, details of any required change orders, and current cost estimates for the State Automated Child Welfare Information System.

### Explanation

The FY 2008 recommended budget does not include a direct appropriation for the State Automated Child Welfare Information System (SACWIS). Rather, proposed language appropriates \$2.4 million for additional costs associated with SACWIS. The language also requires the submission of two reports by the department, in September and March, to the Legislature and certain agencies in the Executive Branch on the status of the project. (See Background Paper on p. 19 for a funding history of the SACWIS program.)

### 2007 Appropriations Handbook

**p. B-15.**

Of the amounts hereinabove appropriated for Safety and Permanency in the Courts, \$950,000 shall be allocated to the Court Appointed Special Advocate Program.

### 2008 Budget Recommendations

**p. D-45.**

Similar language, except **\$750,000** is allocated.

### Explanation

The Legislature had increased funding for the Court Appointed Special Advocate Program in the FY 2007 appropriations act by \$200,000. The proposed language reduces the amount back to the original \$750,000.

**Language Provisions (Cont'd)**

**2007 Appropriations Handbook**

No comparable language provision.

**2008 Budget Recommendations**

**p. D-45.**

The unexpended balances at the end of the preceding fiscal year in the Capital Improvements for Child Advocacy Centers account are appropriated, subject to the approval of the Director of the Division of Budget and Accounting.

**Explanation**

The FY 2007 appropriations act included \$2.0 million for the Child Advocacy Centers program. Funding is not continued FY 2008.

The department issued a Request of Proposal in late 2006, and grant awards were to be announced in early 2007. The proposed language would allow any unexpended FY 2007 funds to be available and expended in FY 2008. As of this writing, no funds have been expended, but programs in Burlington, Essex, Hudson, Monmouth and Union counties are to be awarded funds. It is not known whether there will be any unexpended funds at the end of FY 2007.

**2007 Appropriations Handbook**

No comparable language provision.

**2008 Budget Recommendations**

**p. D-45.**

To ensure the proper reallocation of funds in connection with the creation the new Department of Children and Families, of the amounts herein above appropriated, the Department of Children and Families may transfer appropriations to the Department of Human Services, subject to the approval of the Director of the Division of Budget and Accounting.

**Explanation**

This is procedural language that would permit the transfer of some portion of the department's \$1.5 billion (gross) budget back to the Department of Human Services, if needed. At this time, it is not known whether funds will be transferred back to the Department of Human Services.

**Language Provisions (Cont'd)****2007 Appropriations Handbook****2008 Budget Recommendations****p. B-17.**

Of the amount hereinabove appropriated for the Purchase of Social Services account, \$800,000 is appropriated to the UMDNJ – School of Osteopathic Medicine Academic Center – Stratford, for the Center for Children’s Support to support the development of a model comprehensive diagnostic and treatment program to address both the medical and mental health needs of children experiencing abuse. The model program will demonstrate mental health treatment services that utilize measurable evidence-based outcomes with known effectiveness. This comprehensive model will be designed to be replicated Statewide to directly benefit children and families throughout New Jersey.

No comparable language provision.

**Explanation**

Since FY 2004, the language had been included in the appropriations act by the Legislature. The language is not continued in FY 2008.

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## Discussion Points

### DEPARTMENT OF CHILDREN AND FAMILIES (GENERAL)

1. Personnel Data for the department does not include Affirmative Action Data that other State departments provide. Specifically, information on Male Minority, Male Minority %, Female Minority, Female Minority %, Total Minority and Total Minority % are not provided.

- **Question:** Please provide the aforementioned Affirmative Action Data for FY 2006 – FY 2008.

2. The FY 2007 appropriations act assumed the following savings: Management Efficiencies - \$50 million; Information Technology Efficiencies - \$20 million; and Procurement Efficiencies - \$15 million. Though savings were reflected in the Interdepartmental Accounts section of the appropriations acts, the various department were to provide the monies to reimburse the Interdepartmental Accounts in direct proportion to identified efficiency improvements.

- **Question:** What was the department's share of the Management Efficiencies, Information Technology Efficiencies and Procurement Efficiencies? What specific efficiencies did the department achieve? Are these efficiency savings continued in FY 2008?

3. The FY 2007 appropriations act included about \$8.4 million (gross) for overtime. To date, the department has not provided information regarding its FY 2007 overtime expenditures.

- **Question:** What is the department's estimate of FY 2007 overtime costs? How much does the FY 2008 recommended budget include for overtime?

4.a. The FY 2006 appropriations act assumed federal Title IV-E reimbursements of \$150.6 million. Actual federal Title IV-E reimbursements realized were \$91.7 million (Schedule 2).

- **Question:** What accounts for the \$58.9 million shortfall in Title IV-E reimbursements?

4.b. The FY 2008 recommended budget estimates \$99.2 million in federal Title IV-E reimbursements (Schedule 2), compared to \$127.7 million in FY 2007.

- **Question:** What accounts for the \$28.5 million reduction in Title IV-E reimbursements?

5. On a quarterly basis, the department submits a claim to the federal government for federal Title IV-E reimbursement for administrative and service costs, including costs related to the SACWIS/NJ Spirit project. The federal government, upon reviewing the claim, may deny or defer payment of portions of the State's claim submission.

- **Question:** As of the December 2006 quarterly submission, what is the total amount of federal Title IV-E claims that have been deferred? Of the amount deferred, how much is related to the SACWIS/NJ Spirit project? What were the reasons for these deferrals?

## Discussion Points (Cont'd)

6.a. The FY 2006 appropriations act assumed \$78.0 million in federal Title XIX Child Residential reimbursements. Actual federal Title XIX reimbursements were \$41.2 million (Schedule 2).

- **Question:** What accounts for the \$36.8 million shortfall in federal Title XIX reimbursements?

6.b. The FY 2007 appropriations act anticipated approximately \$81.7 million in federal Title XIX Child Residential reimbursements. Revised FY 2007 estimates (Schedule 2) indicates \$75.2 million in federal reimbursements.

- **Question:** What accounts for the \$6.5 million reduction?

### CHILD PROTECTIVE AND PERMANENCY SERVICES

7. To provide medical services to children in out-of-home placement under DYFS supervision, the department has made it a priority to enroll such children into a Medicaid managed care program. Available Medicaid data indicates that while the percentage of such children enrolled in managed care increased from about 49% (December 2005) to nearly 61% (December 2006), upwards of 8,000 children are still not enrolled.

- **Question:** What barriers contribute to the difficulty of enrolling such children into managed care programs?

8. The department reported that in CY 2006 the number of newly licensed resource families and adoptive families increased by nearly 1,300, compared to an increase of about 1,000 in CY 2005. The 1,300 number does not take into account the number of licensed resource families that may have ended their participation in the program.

- **Question:** What was the net increase in the number of resource families during CY 2006?

9. The New York Times in January 2007, reported that "Safe-Haven Laws Fail to End Discarding of Babies." In New Jersey, despite annual appropriations in excess of \$500,000, incidents of infants being abandoned and found dead continue.

- **Question:** Please provide data on the frequency of the abandonment of infants before and after the initiation of the New Jersey program. How effective does the department judge the program to be? What steps could be implemented to improve its effectiveness?

10. The department was to meet with the Regional Office of the Administration for Children and Families to determine whether the \$0.3 million cost of the "peer-to-peer" program could be claimed under the federal Title IV-E program, rather than utilizing more limited federal Title IV-B funds.

- **Question:** Can the program be claimed under federal Title IV-E?



## Discussion Points (Cont'd)

11. Budget language that had appropriated \$800,000 to the 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” is not continued.

Pursuant to this language, \$3.2 million has been provided to UMDNJ for this purpose between FY 2004 – FY 2007.

- **Question:** What is the status of the development of a “model comprehensive diagnostic and treatment program?” Is it being used Statewide as intended? If not, why not?

### CHILD BEHAVIORAL HEALTH SERVICES

12. The FY 2008 budget recommends \$60.9 million (gross) for Care Management Services: Care Management Organizations (\$42.9 million) and Youth Care Managers (\$18.0 million).

As the services provided are somewhat similar, the department has indicated that a Request for Proposal will be released during 2007 that would merge these services. Instead of two agencies serving a particular county or counties, one agency would provide both services, and overall administrative costs should be reduced.

- **Question:** Does the \$60.9 million recommended appropriation assume the consolidation of these two functions? If so, when is consolidation expected to take place? If not, what savings could be expected to result from merging these programs?

13. The FY 2008 recommended budget indicates that over 12,600 youth will be served by Case Management Services. Available data from the contracted systems administrator indicate that during the past year about 11,600 youth were served by this service.

- **Question:** What is the basis for estimating that an additional 1,000 youth will receive Case Management Services?

14. The FY 2008 budget recommends \$5.7 million for Outpatient, and \$6.8 million for Partial Care services. No federal Medicaid reimbursements are reflected even though the services qualify for Medicaid reimbursement and many of those receiving these services are Medicaid eligible.

- **Question:** What amount of Medicaid reimbursements will these two programs generate?

15. Approximately 12% of the \$18.0 million Youth Case Managers appropriations is reimbursed by Medicaid. The percentage of Medicaid reimbursement for other Child Behavioral Health Services is generally greater than 12%.

- **Question:** What accounts for the lower percentage of Medicaid reimbursement for Youth Case Managers services?

**Discussion Points (Cont'd)**

16. Though overall Medicaid reimbursements for child behavioral health services have increased, a significant number of claims processed are denied as indicated in the chart below:

Procedure Code	Jan. – June 2006		July – Dec. 2006	
	# of Claims Processed	% Denied	# of Claims Processed	% Denied
H0032 Mobile Response Care Coordination	10,000	56%	7,650	37%
H0036 Supportive or Professional or Clinical	64,500	28%	85,600	25%
H2014 Individual or Group Behavioral Assistance	44,400	23%	65,600	36%
S9485 Mobile Response Initial	3,700	50%	3,650	43%
Y9933 Mental Health Rehab. (MHR)	9,700	27%	7,800	12%
Y9935 MHR	17,000	30%	17,800	18%
Y9936 MHR	1,350	18%	1,600	14%
Y9938 MHR	1,300	21%	1,100	22%

The claims may be initially denied for minor technical reasons such as an improper procedure code, the misspelling of a name, etc., or for more serious reasons such as a duplicate claim or the client is not Medicaid eligible. Many of the claims that are denied are corrected by the agency, resubmitted and processed.

The fairly high percentage of Medicaid claims that are initially denied could indicate that agencies have administrative problems related to the submission of claims.

- **Question:** Does the department believe that the high rate of initial claims denial stems from agency administrative problems? What training is being undertaken to improve the claims submission process by provider agencies and reduce the percentage of Medicaid claims that are initially denied? What percentage of claims that are initially denied are ultimately approved?

#### PREVENTION AND COMMUNITY PARTNERSHIPS

17. The FY 2007 appropriations act provided \$2.4 million for Area Prevention and Support Services. As of this writing, no funds have been expended.

- **Question:** What is the status of the program?

18. The FY 2007 appropriations act provided \$2.8 million for Collaboratives. Annualized FY 2007 expenditures are estimated at about \$750,000.

- **Question:** What is the status of the program?

19. The FY 2007 appropriations act provided \$5.0 million for the Family Support Services program. As of this writing, none of the \$5.0 million appropriation has been expended.

## Discussion Points (Cont'd)

- **Question:** What is the status of the program?

20.a. In February 2007, the department issued a Request for Proposals (RFP) for a \$2.2 million Home Visitation Initiative to provide home visitation services to families "challenged by complex health-related and or social problems." The target population is young families and families with children up to age five who are at risk for abuse and neglect. The specific source of the \$2.2 million is not identified.

Programs of a similar nature already exist and are being funded. Approximately \$1.8 million in federal TANF funds are distributed to DYFS for TANF Initiative for Parents (TIP). Maternal and Child Health Consortia are required to provide case management and home follow up services and counseling services to certain families with health problems. As part of their Medicaid contract, managed care organizations are supposed to provide health care services to families with complex medical needs

- **Question:** How will the Home Visitation Initiative coordinate with existing programs such as TIP, Maternal and Child Health Consortia and Medicaid managed care organizations to avoid duplication of services?

20.b. The Home Visitation Initiative will provide health services, but the RFP does not appear to require agencies who may be awarded contracts to be Medicaid providers and bill Medicaid for services that are provided to recipients who are Medicaid eligible.

- **Question:** Will agencies that are awarded contracts be required to be Medicaid providers? In developing the RFP, were any estimates developed as to the percentage of families served that may be Medicaid eligible?

### OFFICE OF EDUCATION

21. The Office of Education (OOE) provides educational services to children/adolescents under the department's jurisdiction. The State Department of Education (DOE) establishes the rates that OOE charges school districts for education services.

In several prior fiscal years, OOE had operating deficits as the rates set by the DOE did not cover the office's operating costs. Available information is that OOE may have an operating deficit in FY 2007 and, depending on the rates set by DOE, may have a deficit in FY 2008.

DOE's position is that once rates are established the department cannot revise the rates to offset an operating deficit.

- **Question:** Will OOE have a deficit in FY 2007? If so, how much will the deficit be? Are the FY 2008 rates proposed by DOE adequate to cover OOE's costs? If not, what is the projected FY 2008 shortfall?

## Discussion Points (Cont'd)

### CHILD WELFARE TRAINING ACADEMY

22. During hearings on the FY 2007 budget, the Legislature expressed concern as to the amount expended by the Training Academy on consulting services. In FY 2007, approximately \$1.5 million was appropriated for Services Other Than Personal, primarily for consulting. As of this writing, about \$0.7 million has been expended.

- **Question:** What consultants were awarded and will be awarded contracts in FY 2007? What consulting services will they provide and at what cost? In view of current spending, can the FY 2008 recommended appropriation be reduced?

23. The Special Purpose appropriation, NJ Partnership for Public Child Welfare, would increase from \$1.0 million to \$4.0 million. No information is available regarding this program or the projected \$3.0 million increase.

- **Question:** What accounts for the \$3.0 million increase? What additional services will be provided as a result of these additional funds?

### SAFETY AND SECURITY SERVICES

24. Recommended appropriations for the program increase by \$2.0 million, from \$2.6 million to \$4.6 million.

As of this writing, FY 2007 annualized program expenditures are estimated at about \$1.1 million.

- **Question:** In view of estimated FY 2007 expenditures, can the FY 2008 recommended appropriation be reduced?

### ADMINISTRATION AND SUPPORT SERVICES

25. The FY 2007 appropriations act provided \$1.5 million for Information Technology. As of this writing, no funds have been expended. The FY 2008 budget recommends \$1.5 million for the same purpose

- **Question:** As no funds have been expended to date, what is the status of the \$1.5 million appropriation?

26. FY 2008 recommended appropriations for Services Other Than Personal increase by \$2.4 million. As of this writing, information is not available as to the need for such additional funds.

- **Question:** What are the additional monies for?

27.a. The department had provided the Legislature with information that the cost of SACWIS/NJ Spirit would be about \$70.4 million (gross). The department also provided the following implementation schedule:

## Discussion Points (Cont'd)

Release 2, Phase 1: June 2006  
Release 2, Phase 2: March 2007  
Release 3, December 2007.

- **Question:** Based on the most recent Advance Planning Document Update submitted to the federal government, what is the current estimate of the project's cost? Are the release target dates still valid? If not, what are the current release dates?

27.b. The department filed a complaint with the Division of Purchase and Property concerning the performance of AMS/CGI Group, the SACWIS/NJ Spirit contractor. While there has been progress in resolving the complaint, reports indicate that "progress ... has been slower than expected and unresolved issues have the potential to negatively impact the project."

- **Question:** What is the current status of the complaint? How much, if any, payments have been withheld from AMS/CGI to assure compliance with the terms and conditions of the contract?

**Background Paper: SACWIS Funding History**

Budget Page.... D-44; D-45

<b>Funding (\$000)</b>	<b>Expended FY 2006</b>	<b>Adj. Approp. FY 2007</b>	<b>Recomm. FY 2008</b>
<b>State Automated Child Welfare Information System</b>	<b>\$5,276</b>	<b>\$10,000</b>	<b>\$0*</b>

\* \$2.4 million in funds are appropriated by budget language on D-45.

**SUMMARY**

The table below provides an appropriation and expenditure history of the State Automated Child Welfare Information System (SACWIS) project since FY 2001.

<b>FISCAL YEAR</b>	<b>(\$000) Appropriated</b>	<b>(\$000) Reappropriated<sup>1</sup></b>	<b>(\$000) TOTAL</b>	<b>(\$000) Expended/ Encumbered</b>
2001**	\$3,500	n.a.	\$3,500	\$300
2002	--	\$1,500	\$1,500	--
2003	\$3,300	\$63	\$3,363	\$2,198
2004	\$5,600	\$1,189	\$6,789	\$2,105
2005	\$10,400	\$4,688	\$15,088	\$10,685
2006	\$3,500	\$4,582	\$8,082	\$5,276
2007***	\$10,000	\$2,881	\$12,881	\$6,906

\*\* Of the \$3.5 million appropriation, about \$1.7 million lapsed.

\*\*\* Through January 2007.

Including the proposed \$2.4 million FY 2008 appropriation, a total of \$37.0 million will be appropriated for the SACWIS project since FY 2001. (Approximately \$1.7 million of the initial FY 2001 appropriation lapsed.)

Expenditures/encumberences for the project total \$27.5 million through January 2007. These expenditures/encumberences should generate an equal amount of federal funds.

<sup>1</sup> Reappropriated funds refers to funds that were not expended/encumbered during the fiscal year that the program is allowed to retain in the next fiscal year.

## OFFICE OF LEGISLATIVE SERVICES

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Individuals wishing information and committee schedules on the FY 2008 budget are encouraged to contact:

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