

# **State of Alaska FY2002 Governor's Operating Budget**

## **Department of Health and Social Services Foster Care Base Rate Component**

## Component: Foster Care Base Rate

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### Component Mission

The mission of the Division of Family and Youth Services is to protect children who are abused and neglected or at risk of abuse and neglect.

### Component Services Provided

Program Summary: AS 47.14.100 mandates the Department to provide for the "...care of every child committed to its custody by placing the child in a foster home or in the care of an agency or institution providing care for children inside or outside the state." (emphasis added). To meet this mandate, the Department, through the Division of Family & Youth Services (DFYS), provides various foster care programs to children placed in custody of the State. These are children who have been removed from situations of abuse and/or neglect and are at risk for further abuse and neglect.

Due to the severity of the abuse, removal is often emergent and not planned. When these children cannot be safely maintained in their own home they require out-of-home care until the conditions requiring their removal have been ameliorated or other permanency is established. Although every effort is made to place children with relatives, often non-relative foster care is required.

The Department provides a spectrum of foster care services including the Foster Care Base Rate, Foster Care Special Needs, Foster Care Augmented, and Foster Care AYI to meet the needs of children in State custody and to meet the Department's statutory mandate to provide for the care of children in State custody. These four foster care programs are complimentary, and without full funding for these programs the Department would not have been able to meet the basic needs of many children in foster care.

The Foster Care Base Rate program is designed to reimburse foster parents for the basic ongoing costs of raising a child including: food, clothing replacement, and shelter; daily supervision normally carried out by a parent; personal and grooming items; school supplies and regular school activities; age appropriate games, toys, books, and recreational equipment; general recreation such as picnics, community sports, and movies; usual transportation expense; allowance; babysitting and child care.

Foster Care providers are reimbursed at the Base Rate for the number of days the child is placed at the foster home. The daily Base Rate amount is established in regulations and varies depending on the age of the child and the geographical location where the child is placed. The current Base Rate, which is based on the 1993 Federal poverty guidelines, was approved by the Legislature and became effective July 1, 1998. The FY2002 Foster Care Base Rate will be maintained at this level.

During FY2000 the Department provided foster care benefits to an average of 1,216 children daily. The Department anticipates the caseload to increase an additional 6% per year to 1,290 and 1,367 in FY2001 and FY2002 respectively.

### Component Goals and Strategies

- 1) PROVIDE SAFE AND APPROPRIATE FOSTER HOMES FOR ABUSED AND NEGLECTED CHILDREN IN STATE CUSTODY IN ACCORDANCE WITH STATE LAW:

- AS 47.14.100 mandates the Department to provide for the "...care of every child committed to its custody by placing the child in a foster home or in the care of an agency or institution providing care for children inside or outside the state." AS 47.14.100(d)(1) further mandates the Department to "...pay the costs of caring for physically or mentally handicapped foster children, including the additional costs of medical care, habilitative and rehabilitative treatment,

services and equipment, special clothing, and the indirect costs of medical care, including child care and transportation expenses."

· Foster care providers are reimbursed at the Base Rate for the number of days the child is placed at the foster home. The daily Base Rate amount is established in regulations and varies depending on the age of the child and the geographical location where the child is placed. The current Base Rate is based on the 1993 Federal poverty guidelines and will be maintained at the FY2000 level.

2) MAINTAIN CHILDREN REQUIRING OUT-OF-HOME CARE IN THE SAFE AND STABLE ENVIRONMENT THEY NEED:

· The Division contracts for finger printing as a criminal background check for foster parents and all persons age 16 years and older living in the foster home. The prints are forwarded to the Department of Public Safety, under agreement, and are checked against State and FBI criminal justice records for crimes that might pose a risk to children in care.

3) PROVIDE CASE MANAGEMENT FOR CHILDREN TRANSITIONING FROM IN-STATE OR OUT-OF-STATE RESIDENTIAL CARE FACILITIES OR YOUTH DETENTION FACILITIES BACK INTO THEIR LOCAL COMMUNITIES:

· Foster care will be used to provide placement resources in a less structured environment to children ensuring orderly transition back to their parent's home or another permanent placement resource.

### **Key Component Issues for FY2001 – 2002**

The Foster Care Base Rate program is designed to reimburse foster parents for the basic on-going costs of raising a child. The current Foster Care Base Rate is based on 1993 Federal Poverty Guidelines and does not reflect overall cost of living increases that have occurred since that time period. The number of children placed in Foster Care has increased significantly over the past several years driving up the overall costs of maintaining the State's Foster Care programs. For the past few years, Foster Care has been short-funded, and the Department has had to ask the Legislature for supplemental appropriations. The Department received a \$1,951.9 supplemental (\$1,006.4 Fed and \$945.5 GF) for under-funded caseload growth in FY2000. The Department's FY2001 foster care budget included an increment request of \$3,429.7 to fund 12% projected caseload growth for the Foster Care Base Rate program. The Legislature provided funding of \$2,285.5 (a reduction of \$1,144.2). Although the Department has subsequently revised its FY2001 projected caseload growth estimate to 6%, this reduction may result in the need for an FY2001 supplemental to cover the cost of under-funded caseload growth.

The number of children placed in Foster Care has increased significantly over the past several years driving up the overall costs of maintaining the State's Foster Care programs. The foster care caseload increased by 16.8% in FY1998 and 16.4% in FY1999. In FY2000 the foster care caseload growth rate decreased to 5.8% (14,598 total FTE's for an average of 1,216 children daily). The reduction in the FY2000 foster care caseload growth rate is, in part, a reflection of the success of State permanency planning initiatives Project SUCCEED and the Balloon Project to move children out of foster care and into permanent homes.

The Department anticipates the foster care caseload to grow 6% per year in FY2001 and FY2002. If the current budget remains static, the Division anticipates a budget deficit for Foster Care Base Rate in excess of \$300.0 in FY2002. A budget deficit would mean that the Division would be unable to meet its statutory mandate to provide care for children in custody and will have insufficient funds to pay foster care benefits for approximately 444 FTE's (the equivalent of approximately 37 children receiving foster care each day of the year) in FY2002. The safety of children in DFYS custody will be diminished if the FY2002 foster care budget is maintained at the FY2001 funding level.

A shortage of foster parents already exists. An inability (whether real or perceived) to reimburse foster care providers for services rendered will seriously erode any success that the Department has made during the last two years to recruit more foster parents. Foster parents rely on the State being able to reimburse them for the costs of care for the children in their care. Any reduction in payments may disrupt these placements and result in the Department not having enough foster parents to care for the children committed to State custody. If the State is unable to reimburse

foster care providers for their costs of care, DFYS social workers will not be able to find many foster parents that are willing or able to place abused and neglected children who are unsafe in their own homes.

The State has an obligation to reimburse Foster Care Providers for the cost of care for children in their custody. If the State fails to meet its obligation, Foster Care providers will have no legal obligation to continue to provide care for the children. This could result in Foster Care Providers returning children to the Division of Family and Youth Services. This situation would seriously undermine the State's child welfare system and would negatively impact the children that the State is responsible for protecting.

### **Major Component Accomplishments for FY2000**

1) IN FY2000 THE DIVISION PROVIDED FOSTER CARE SERVICES TO AN AVERAGE OF 1,216 CHILDREN EACH DAY:

· The foster care caseload increased by 16.8% in FY1998 and by another 16.4% in FY1999. In FY2000, through the efforts of Project Succeed and the Balloon Project, the Division was able to place many children that were in long-term foster care into permanent adoptive homes or guardianships which contributed to the a reduction of the foster care caseload growth rate to 5.8%. The Department anticipates the foster care caseload to increase 6% per year for the next two years to an average 1,290 children daily and average of 1,367 daily respectively in FY2001 and FY2002.

2) RECRUITMENT AND RETENTION OF FOSTER PARENTS WHO CAN PROVIDE THE SPECIALIZED CARE NECESSARY TO MEET THE NEEDS OF THIS POPULATION:

Provided foster parent training so that foster parents can acquire the skills they need to successfully deal with the individual behaviors and special needs of children in their care.

3) IMPROVED COLLABORATION AND COORDINATION OF SERVICES PROVIDED BY VARYING AGENCIES:

· The Division has entered into a number of projects in which various agencies provide service delivery to the client population. This allows for increased services for a greater number of clients and also minimizes duplication or gaps in service delivery.

4) CHILD CARE FOR WORKING FOSTER PARENTS:

· The Division has started to offer child care to working foster parents as a foster parent recruitment and retention effort.

### **Statutory and Regulatory Authority**

AS 47.05	Administration of Welfare, Social Services, and Institutions.
AS 47.10	Children in Need of Aid.
AS 47.14.100	Care of Children.
AS 47.17	Child Protection.
AS 47.40	Purchase of Services.
7 AAC 53, Article 1	Child Care Foster Care Payments.
7 AAC 53, Article 3	Children in Custody or Under Supervision : Needs and Income.
Titles IV-B and IV-E of the Social Security Act	

**Foster Care Base Rate**  
**Component Financial Summary**

All dollars in thousands

	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
<b>Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	0.0	0.0	0.0
72000 Travel	0.0	100.0	100.0
73000 Contractual	0.0	157.4	157.4
74000 Supplies	0.0	0.0	0.0
75000 Equipment	0.0	0.0	0.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	9,871.3	10,646.3	10,946.9
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>9,871.3</b>	<b>10,903.7</b>	<b>11,204.3</b>
<b>Funding Sources:</b>			
1002 Federal Receipts	1,854.2	2,709.3	2,782.0
1003 General Fund Match	2,464.2	3,811.0	3,845.7
1004 General Fund Receipts	4,561.4	3,391.9	3,585.1
1005 General Fund/Program Receipts	991.5	991.5	991.5
<b>Funding Totals</b>	<b>9,871.3</b>	<b>10,903.7</b>	<b>11,204.3</b>

**Estimated Revenue Collections**

Description	Master Revenue Account	FY2000 Actuals	FY2001 Authorized	FY2001 Cash Estimate	FY2002 Governor	FY2003 Forecast
<b>Unrestricted Revenues</b>						
None.		0.0	0.0	0.0	0.0	0.0
<b>Unrestricted Total</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Restricted Revenues</b>						
Federal Receipts	51010	1,854.2	2,709.3	2,709.3	2,782.0	2,782.0
General Fund Program Receipts	51060	991.5	991.5	991.5	991.5	991.5
<b>Restricted Total</b>		<b>2,845.7</b>	<b>3,700.8</b>	<b>3,700.8</b>	<b>3,773.5</b>	<b>3,773.5</b>
<b>Total Estimated Revenues</b>		<b>2,845.7</b>	<b>3,700.8</b>	<b>3,700.8</b>	<b>3,773.5</b>	<b>3,773.5</b>

**Foster Care Base Rate**

**Proposed Changes in Levels of Service for FY2002**

The Division anticipates an 6% annual increase in foster care caseload growth over the next two years.

**Summary of Component Budget Changes**

**From FY2001 Authorized to FY2002 Governor**

*All dollars in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2001 Authorized</b>	<b>8,194.4</b>	<b>2,709.3</b>	<b>0.0</b>	<b>10,903.7</b>
<b>Proposed budget increases:</b>				
-Foster Care Base Rate Caseload Growth	227.9	72.7	0.0	300.6
<b>FY2002 Governor</b>	<b>8,422.3</b>	<b>2,782.0</b>	<b>0.0</b>	<b>11,204.3</b>