



STATE OF WASHINGTON
DEPARTMENT OF CHILDREN, YOUTH, AND FAMILIES

1500 Jefferson Street, SE • P.O. Box 40975 • Olympia WA 98504-0975

Dear Director Schumacher,

The enclosed budget submission for 2019-2021, our first biennial budget submission as a full-blown agency, looks quite a bit different than what we're operating under today in a number of ways I hope you will find useful.

The proposal completely integrates several components of DSHS, including the Children's Administration, Juvenile Rehabilitation, and the Working Connections Child Care component of the Economic Services Administration. The integration is more than just including all these pieces – we are proposing a budget that is actually integrated with a thoughtful cost allocation model. The result of negotiations with DSHS about the level of indirect staff (program 110, etc.) to be transferred as part of the moves remains to be clearly identified, but should be resolved shortly.

As you are surely aware, Congress completely changed the structure of Title IV-E funding in the Family First Prevention Services Act (FFPSA.) Most of these federal changes take effect October 1, 2019, and our Title IV-E waiver ends the same day. Title IV-E is the main funding stream for our child welfare activities and we have had to restructure the budget to accommodate the new requirements so that we could continue to fund key activities. You will see changes that can be called either policy or maintenance level that we have had to do in order to remain compliant with federal fund use rules. These include:

- Increases in the level of quality required in congregate care settings, which will also require increases in the rates we pay these providers. We will need to phase in some of these changes to the providers so that they are prepared day 1. You will see supplemental requests to cover this effort.
- Use of a new funding stream of prevention funds in IV-E that allows us to continue to fund Family Assessment Response, a program we find helpful in reducing needless family disruptions. There are some changes proposed to the program to make it compliant with new federal requirements for evidence-based programs.
- Use of new IV-E funds to enhance our existing prevention portfolio. The level of this will be dependent on federal negotiations about what expenditures we make today that can be used for match.

We have proposed a structure of provisos in the budget that are designed to create flexibility in some areas but keep funds segregated for the purposes they are designed to serve. For example, we are keeping our pre-school investments clearly separate from our child abuse/neglect response efforts so that we are not tempted to eliminate ECEAP classrooms to fund caseworker increases in response to increased abuse or neglect reports.

As we think about the budget asks for DCYF we are all tempted to focus on the reason we were created – getting upstream and investing in prevention of future downside risk in the lives of children in Washington. We are going to get to those investment suggestions, but **first we need to be clear about the investments necessary to ensure that the required operations of the**

founding agencies and administrations are functional. In many cases they require significant improvement.

Make It Work

We are proposing a number of decision packages at maintenance level that keep us in compliance with either federal or state law, or with legal agreements the state has entered into over the years.

In particular, we believe that the Braam case was not a point-in-time experience, but an ongoing commitment to maintaining a level of service over time. We have built the staffing level requirements for this into a DP at maintenance level. The TR settlement also imposes requirements on DCYF to provide adequate behavioral health treatment to children in out-of-home care and those in the care and custody of the department.

Child Welfare Caseload Issues

The vast bulk of employees in DCYF engage in the high-profile work with child welfare. Due to increases in caseload over the past few years the system does not have adequate staff to meet national standards and previous legal settlements. This puts the state at risk of not keeping children safe and contributes to the excessive turnover in the agency, which also risks child safety and delays permanence for children, one of Governor Inslee's key policy goals.

This proposal includes a decision package that meets national standards at several levels. The first two levels will be formally forecast as a result of HB 2008, and we propose that the level of CFWS workers increase by forecast as well so as to remain compliant with the Braam decision.

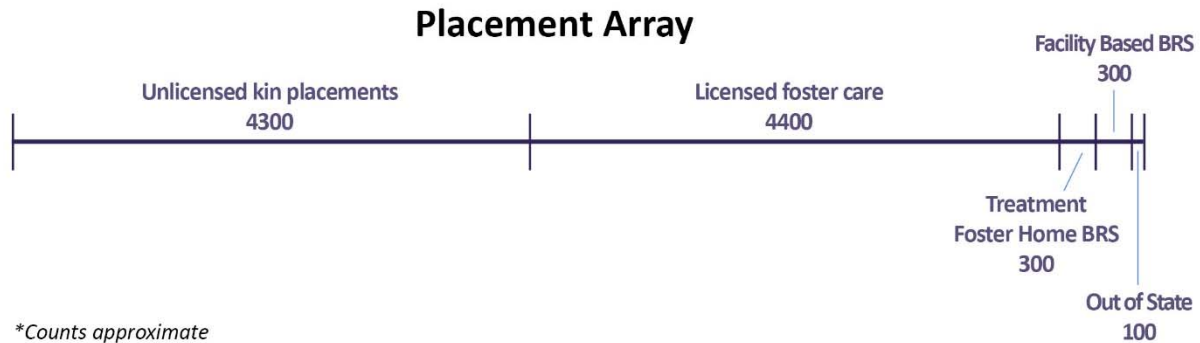
- Initial intake, where data informed expectations are that an intake worker can handle 80 intakes per month.
- CPS investigations, where the data informed expectations of new cases per month per caseworker is eight, and
- Casework for children in the formal dependency system, where the state formally agreed to a standard of 1:18 in the Braam decision several years ago. We are proposing a model that meets this standard the vast majority of the time.

Child Welfare Placement Array

One of the steps in child welfare that is also required to be included in the forecast (and consequently in maintenance level budgets) is the level of funding for Behavioral Rehabilitation Services (BRS,) which includes therapeutic group home and facility-based placements for children with severe behavioral issues that don't enable them to be successful in private foster home placements. Our current set of BRS options is too small, resulting in several very bad outcomes:

- Dependent children being placed in foster homes that do not have the capacity to handle the child's behavioral issues. This typically results in the child "blowing out" of that placement, damaging the child further and often resulting in the foster family dropping out of the system.
- Over 2000 office or hotel stays last year, where we did not have an adequate placement for the child in question requiring caseworkers to stay with the child overnight in a hotel or in the office.

- Excessive use of expensive one-night placements at extraordinary cost and detriment to the child.



Washington has a few hundred, or about 3-4% of its children in out of home care in BRS group homes. This compares very favorably to the national average of 16%. Some states are as high as 30%. In addition, another approximately 100 children are in out-of-state BRS placements. A small fraction of these placements are due to the unique needs of the child and a particular therapeutic option. Mostly it's because we don't have space in an in-state program. This costs more and results in increased risk for children because we are dependent on other states for health and safety checks for the children and they are far from, their communities, and families.

The funding model for these placements has changed significantly with the passage of the federal "Family First Prevention Services Act" (FFPSA) which adds a layer of therapeutic requirements to the use of federal title IV-E funding for these placements. If we do not meet the therapeutic requirements we will have to fund these (expensive) placements with 100% GF-S. This is bad. Our goals:

1. Stop the long-term erosion in the availability of BRS placement options.
2. Bring all out of state children home to Washington within 18-24 months.
3. Expand the capacity of BRS group home beds to place children who meet the therapeutic requirements who currently use office and hotel stays. This requires some slack in the capacity. We do not expect to have more than 6% of our placement array in group homes at any time.
4. Improve the therapeutic quality of in-state BRS group home placements to meet the new federal standards. This should shorten the length of stay for individual children.

This will require an increase in the rates we pay, plus some contractual changes to the way our BRS contracts work. **We do not see a way to have a functional BRS model without adjusting the rates we pay.**

We also need additional capacity in the licensed foster care part of our placement array. We lose more families than we should and do not recruit enough to keep up with the need. We have a proposal to do a better job recruiting. Other jurisdictions have automated the licensing process and doubled the number of applicants who make it through to the end. (San Francisco.) Not losing paperwork and the ability to track the status of their application will improve future foster parent satisfaction.

Early Learning

The Early Achievers system is a key element of our mission to improve the quality of early care and education in Washington. The Early Start Act requires providers to be at a minimum level of quality as measured by the Early Achievers system in order to be eligible to accept subsidy payments in Working Connections Child Care (WCCC). This requirement and its timelines create a wave of applicants all moving through the rating system at the same time. There are key capacity elements that need to be available for providers to have a fair opportunity to meet the standards:

- Rating. We need to be able to rate all the providers who are required to participate in the system on time.
- Coaching. Most providers in the WCCC program need coaching to meet minimum quality standards to accept WCCC payments. Coaching capacity is difficult to build and needs ramp-up time.
- Scholarships for education. Part of the requirements are minimum education standards for providers. Childcare providers are by definition low income and cannot afford this. The Early Start Act provides these scholarships, but our budget needs to anticipate the bulge we expect due to rating deadlines.

We intend to simplify the rating system somewhat over the next 12-18 months to simplify the first two elements. We will still need additional coaching and scholarship resources as we near the pinch points.

Juvenile Rehabilitation

Over the last quarter-century the population in JR facilities has declined by two thirds. This is a good thing and is a result of both lower juvenile violence and better incarceration policy. The remaining population has much more severe mental health, substance-abuse, and gang participation issues than the broader population did two decades ago. The level and quality of staff needed to safely and effectively serve this population and meet the Governor's policy goal of reducing recidivism by several points will not be met without restoring our investment in effective training of our therapeutic staff and ensuring that there is adequate staff present to meet national safety benchmarks.

Technology

In order to meet statutory requirements in our enabling legislation (HB 1661) we are required to have a substantial analysis capacity, and propose a reasonable model to get there.

The federal funding model for key maintenance activities in our underlying IT platform for child welfare require us to start a replacement effort for FamLink, an outdated system that is increasingly expensive and difficult to update to match new federal and state child welfare requirements. We intend to do this work in modular steps to minimize the risk of changing a significant underpinning of our work, but we do need to complete the project in a rational timeframe so as not to have two client management systems operating at the same time for an extended period.

The performance-based contracting requirements in HB 1661 are extensive and require a platform for managing contractor performance data. We propose to acquire the basis of this for

free from the UW where it forms the core of the small performance-based contracting effort in the Spokane area. The system will require substantial resources to expand and to manage over time.

Expansion

The Legislature has created several long-term entitlements that DCYF is responsible for providing the service base for, and we propose expansion at maintenance level of both ECEAP (the Early Childhood Education and Assistance Program) and the resources necessary to meet the legislature's expansion of jurisdiction of juvenile offenders to age 25 in certain cases. While it's legally possible to fund these mandates all at the last minute in the future, it will be difficult for us to build the infrastructure necessary to support the programs if we do.

In addition to expansion of existing programs to meet legislative mandates we propose expanding some prevention programs designed to improve long term outcomes for at-risk children.

- Home visiting. These evidence-based services are incredible candidates for funding through the new entitlement that comes as part of the FFPSA, but we will not have adequate guidance on these until much later this fall, so there is opportunity for significant federal participation in this effort.
- Adolescent re-engagement from out of home care, juvenile rehabilitation, other parts of the juvenile justice system, and other causes of adolescent homelessness are designed to meet the Governor's executive order on juvenile re-entry. This cluster of work is part of an opportunity to combine efforts across several existing silos and provide much more integrated care.

We look forward to working with you over the next several months to incorporate these ideas into Governor Inslee's budget and are excited at the opportunity. On behalf of the team that put this together, and all of us here at the DCYF, I appreciate your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Ron Smith". The signature is fluid and cursive, with a long horizontal stroke extending from the end of the name.