

Approved: 4-30-99
Date

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE.

The meeting was called to order by Chairperson Phill Kline at 9:00 a.m. on March 19, 1999 in Room 514-S of the Capitol.

All members were present except: Rep. George Dean
Rep. Jeff Peterson
Rep. Richard Reinhardt
Rep. Doug Spangler

Committee staff present: Legislative Research - Conroy, Waller, Little,, Davis
Revisor of Statutes - Jim Wilson, Mike Corrigan
Secretary - Ann McMorris

Conferees appearing before the committee: None

Others attending: See attached list

Status Report regarding Foster Care

Secretary Rochelle Chronister of the Kansas Department of Social and Rehabilitation Services distributed a KansasWorks Funding Profile per FY2000 GBR. (Attachment 1) The Secretary noted information not included in this report concerns FY2002 when there will be need for \$25 million to cover the difference between July 2002 and October 2002 to conform to federal fiscal year.

Janet Schalansky, Deputy Secretary of SRS, presented testimony on Foster Family recruitment and retention. (Attachment 2) Janet Schalansky also distributed a color graph on Foster Family recruitment project time line. (Attachment 3)

Secretary Chronister presented testimony on Foster Care and Adoption Services. (Attachment 4) She also distributed the External Evaluation of the Kansas Child Welfare System submitted by James Bell Associates. (Attachment 5)

Much discussion on funding, Judicial caseloads and the problems in this area, and the goals of the Department. Secretary was asked to provide the committee with more information on per child case rate and encounter dates and medicare share. Some concern on whether funding for foster care would take away from other programs, especially the Developmental Disabilities.

Introduction of Bills

Moved by Representative Phil Kline, seconded by Representative McKechnie, introduction of a bill to authorize a task force to examine creating a cabinet level department of public safety. Motion carried. (Attachment 6)

Next meeting will be held on March 22.

Adjournment.

Respectfully submitted,

Ann McMorris, Secretary

Attachments - 6

**HOUSE APPROPRIATIONS COMMITTEE
GUEST LIST**

DATE: March 19, 1999

NAME	REPRESENTING
Bob Harder	LWV-KS
Rochelle Chronister	SRS
Lana Howard	SRS
Joyce Allegrucci	SRS
Janet Schalansky	SRS
Marilyn Jacobsen	SRS
Bill Denny	Methodist Youthville
Mary Ellen Conlee	Via Christi Health System
Kately Porter	OJA
John Garlinger	SRS

KansasWorks Funding Profile per FY 2000 GBR
(amounts in millions)

TANF Block Grant

Item	FY 1998	FY 1999	FY 2000	FY 2001
Revenue				
State Funds	\$70.4	\$62.0	\$62.0	\$62.0
Federal TANF Block Grant	101.9	101.9	101.9	101.9
TANF Transfer to Child Care & Development Fund	--	(4.7)	(18.0)	(19.6)
TANF transfer to Social Service Block Grant	(10.0)	(10.0)	(10.0)	(10.0)
Total Revenue	\$162.3	\$149.2	\$135.9	\$134.3
Expenditures				
Administration	\$16.0	\$16.9	\$18.5	\$19.4
Information Systems	1.1	0.7	0.6	0.6
Program Staff	28.1	25.9	28.4	30.6
Temporary Cash Assistance for Families	55.5	46.3	41.4	37.5
Employment Services	3.6	5.0	6.4	6.4
Child Care Regulation, Grants, & Assistance	--	--	--	--
Head Start & Early Head Start	--	--	--	--
Children's Services	5.2	40.7	54.2	40.2
Total Expenditures	\$109.5	\$135.5	\$149.5	\$134.7
Fund Carry Forward	\$55.0	\$68.7	\$55.1	\$54.7

Notes

1. The total TANF maintenance of effort of \$65.9 is reduced by counting state funds spent for TAF Child Care. The countable TAF Child Care amounts are \$4.4 million for fiscal year 1998, \$3.8 million in fiscal year 1999 and \$3.6 million for fiscal years 2000 and 2001.
2. The higher state amount of \$70.4 million in fiscal year 1998 reflects an additional \$8.9 million required to meet the federal fiscal year 1997 TANF maintenance of effort during the July-September 1997 quarter.
3. The ending balances exclude legislative adjustments to date as well as known Congressional reductions. These additional demands modify the TANF ending balances as shown:

Current Adjustments	FY99	FY00	FY01
Legislative Adjustments			
Additional TANF Emergency Assistance funding	10.0	--	--
Teen pregnancy prevention		1.0	1.0
Intensified alcohol/drug abuse services/welfare programs		0.6	0.6
Actual Congressional TANF Reductions			
Food Stamp Administration Reduction		1.6	1.6
Net Impact of SSBG Reduction		1.5	1.5
Balance revised for current adjustments	58.7	40.4	35.3

Attachment 1-1
House Appropriations Committee
March 19, 1999

**State of Kansas
Department of Social
& Rehabilitation Services**

Rochelle Chronister, Secretary
Janet Schalansky, Deputy Secretary

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**House Appropriations Committee
Friday, March 19, 1999**

Testimony: Foster Family Recruitment and Retention

**Office of the Secretary
Janet Schalansky, Deputy Secretary
785.296.3271**

Attachment 2-1
House Appropriations Committee
March 19, 1999

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Attachment A	Proposed Budget

**Kansas Department of Social and Rehabilitation Services
Rochelle Chronister, Secretary**

**House Appropriations Committee
Foster Family Recruitment and Retention**

Friday, March 19, 1999

INTRODUCTION

Mr. Chairman and members of the Committee, thank you for this opportunity to speak before you on the issue of foster family recruitment and retention. My name is Janet Schalansky and I am the Deputy Secretary for the Kansas Department of Social and Rehabilitation Services (SRS).

Recruitment and retention of foster families continues to be a priority of SRS and agencies providing foster care services. With the privatization of the foster care system and the increased emphasis on caring for children in family homes, the recruitment and retention of families to care for children is crucial.

My presentation today will outline for you SRS's efforts resulting in our short term plan for recruitment and retention of foster families, as well as our efforts on a long term basis.

BACKGROUND INFORMATION

Currently, there are approximately 1,800 foster family homes licensed through the Kansas Department of Health and Environment (KHD&E). While this represents an increase in the number of foster family homes available, there is still a critical need for additional foster family homes. It is estimated by SRS that during the next year, another 600 foster family homes will be needed. While adding 600 new foster family homes in a 12 month period is an ambitious goal, it is made necessary by the fact that we anticipate losing 300 foster families to adoption as foster families become adoptive parents. While that is certainly good news in the adoption arena, it presents an ongoing challenge for us in the foster care arena.

Currently, there are 25 not-for-profit agencies providing foster care services in Kansas. Each agency conducts its own foster family recruitment program. Agencies work together to provide MAPP training to prospective foster and adoptive parents. Each agency has been responsible for recruitment of foster families.

WHERE ARE WE NOW?

In early January of this year, I appointed an SRS workgroup to focus solely on foster family recruitment and retention issues. This SRS workgroup conducted focus groups with staff from foster care contractors and completed an environmental assessment of foster family recruitment and retention issues, including identifying common components in recruitment and retention efforts for foster families, and examining concerns expressed by past and present foster families in Kansas.

We learned that the Annie E. Casey Foundation (AECF) has and continues to be the leader in research and development of best practices in foster care. For recruitment of foster families, AECF has identified the following best practices:

- Recruitment is most productive when the recruiters are clear about their goals and honest with themselves and with prospective foster families about the challenges the children will offer.
- Recruitment themes should present a realistic picture of the job of caring for today's foster children - the obstacles and difficulties as well as the joys and rewards.
- The agency should have a special telephone number for prospective foster families so that they do not get stuck in a bureaucratic telephone maze. The first impression of your agency, your program, and your mission will be given over the telephone and in necessary follow-up. The telephone number should be easy to remember. It should be printed on all promotional material. Since satisfied foster families will be your best recruitment team, you should be prepared to:
 - ~ answer all questions and concerns;
 - ~ assist callers in determining their readiness to foster a child;
 - ~ mail an information packet to the caller within 24 hours;
 - ~ direct the caller to pre-service meetings;
 - ~ conduct homes visits within 3-5 days; and
 - ~ send reminder notices of trainings.
- Develop material that gives a clear, accurate message, reflecting agency goals and philosophy.
- Offer training on an ongoing, scheduled, and frequent basis.
- Make weekly follow-up telephone calls to maintain contact and interest of potential foster families until training and placement occurs.

- Offer staff to provide one-to-one assistance for completing necessary applications.
- Invite foster families to support groups or cluster meetings.
- Invite foster families personally to participate in case planning meetings.

The Child Welfare League of America has also identified common components in foster family recruitment campaigns across the nation:

- Public Service Announcements (PSAs) on radio and television stations which involve testimonials from foster families and foster children;
- Newspaper advertisements profiling foster children;
- Toll-free telephone numbers for information and referral;
- Internet web site dedicated to providing information on foster children and how to become a foster family;
- Presentations to businesses, religious organizations, and civic organizations; and
- Calendars which profile foster children each month.

Every resource indicated that the most effective tool for recruiting potential foster families are current foster families.

I am pleased to report to you that this SRS workgroup developed and submitted initial recommendations for a short-term recruitment and retention plan based on what we know, which Secretary Chronister has accepted and is now being implemented. That initial plan is outlined in the *Foster Family Recruitment - Project Time Line* Gantt chart. The efforts just described to you represent the first four tasks on the Gantt chart. The Gantt chart outlines each of the 15 tasks, provides a targeted time line for completion, and identifies the person or organization responsible for the task. Also, attached to this testimony, you will find an estimated budget for the foster family recruitment campaign.

FOSTER FAMILY RECRUITMENT AND RETENTION SHORT TERM PLAN
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I would like to walk you through each of the remaining 11 steps outlined in the Gantt chart which comprises our short-term plan.

Step 5: Meet with staff from the Kansas Department of Health and Environment (KDH&E) to identify ways to improve licensing processes.

Representatives of the SRS workgroup, myself, Commissioner Allegrucci, and Deputy Commissioner Jacobson met with staff from KDH&E to discuss concerns about the delays and barriers in completing timely surveys and inspections of prospective foster family homes. The

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primary reason for reported delays on the part of KDH&E are a result of understaffing of facility surveyors. KDH&E advised us that the process takes approximately 22 calendar days to issue a temporary permit, and eight weeks to complete a full survey, based on a caseload of 150 facilities per surveyor. At the present time, the average caseload size is 208 per surveyor. Additional reasons for delays include: poor preparation on the part of applicants for licensing surveys, incomplete applications for licensure, necessary repairs to bring homes of potential foster families homes in compliance with licensing regulations, and delays within the Kansas Bureau of Investigation (KBI) in completing background investigations.

As a result of this meeting, the following were identified as necessary to assist SRS in meeting its recruitment goal:

- ▶ KDH&E has indicated to SRS that they will need to hire at least six additional facility surveyors and necessary clerical support positions to meet the increase in potential applications for foster family home licensing. We support their efforts in this regard.
- ▶ KDH&E should become formally involved in regional meetings between foster care contractors and current and potential foster families, as well as become more involved in MAPP training. CFS will work with contractors to ensure KDH&E is involved in CFS sponsored regional meetings and meetings sponsored by foster care contractors.
- ▶ Foster care contractors need to be better educated on working with families to prepare for KDH&E licensing surveys. CFS will arrange for further workshops where KDH&E can educate foster care contractors on licensing procedures.
- ▶ SRS should provide grants to potential foster families who would otherwise be able to meet licensure requirements if it were not for their inability to finance general home repairs. The SRS workgroup is developing guidelines similar to child care grants offered through the Commission on Economic Employment Support (EES). SRS is also exploring a partnership with the Kansas Chamber of Commerce and Industry to identify businesses who would be willing to sponsor this effort.

Step 6: Establish a toll-free telephone number for coordinated foster family intake and referral.

Children's Alliance of Kansas, under contract with SRS, will subcontract with Kansas Families for Kids (KFFK), to operate a state-wide toll-free telephone number for prospective foster families to call and receive information on agencies in their respective area of Kansas that sponsor foster families. Callers will be mailed general information on foster care and the sponsoring agency for their area, will be encouraged to review the information, and to expect a follow-up telephone call from that agency. In urban areas, information nights will be organized to help inform prospective foster families. A designated contact person will be identified in each foster care agency. KFFK will contact the respective foster care agency recruiter with the

relevant information on the prospective foster family. The goal will be for the agency to make the initial contact within 24 hours. KFFK will conduct a follow-up call to insure that the prospective foster family was contacted by the foster care agency. This state-wide toll-free number will be advertised in Public Services Announcements (PSAs) on television and radio, in newspaper advertisements, on the SRS foster family web site, as well as on all promotional materials generated for the foster family recruitment campaign. KFFK will also collect data on the referral source of the caller to the toll-free number to measure the effectiveness of the state-wide campaign. The state-wide toll-free number is targeted to be operational by April 1, 1999.

Step 7: Design and maintain a foster family recruitment web site.

SRS will design and maintain a foster family recruitment web site. The function of this web site is three-fold:

1. It should provide enough information to assist the public to perform self-screening;
2. It should give the public adequate information about foster children and the kinds of foster families needed; and
3. It should allow the public to obtain further information easily, including providing an information packet electronically or by mail through e-mail request.

Based on a quick review of other Internet web pages dedicated to this same purpose, the following questions will be addressed on this web site:

- ✓ What is foster care?
- ✓ What is the job of a foster family?
- ✓ Who are foster families?
- ✓ What are the benefits of becoming a foster family?
- ✓ What are the steps involved in becoming a foster family?
- ✓ What does a typical child in foster care look like and what are their needs?
- ✓ What kinds of support are available to foster families?
- ✓ Who and where to call for more information?

The web site will be linked to the highest levels of government, including the State of Kansas official web site, the SRS web site, as well as with web sites of foster care contractors and subcontractors. SRS has already begun efforts to design this web site. We anticipate it will be operational by April 1, 1999.

Step 8: Retain a consulting firm for developing and implementing a marketing strategy.

SRS is in the process of amending the current contract between the Commission on Children and Family Services (CFS) and the Children's Alliance of Kansas, for the purpose of retaining a consulting firm to develop and implement a state-wide marketing campaign for foster family

recruitment. Not only will the consulting firm be responsible for developing and implementing a state-wide campaign, they will also provide consultation to each of the foster care contractors for localized, targeted marketing.

Based on a 1998 survey of foster families, conducted by the University of Kansas School of Social Welfare, we know the following about foster families in Kansas:

- 82% are Caucasian;
- 78% are married;
- 65% are between the ages of 30-49;
- 41% been foster families for over 5 years; and
- 41% have been foster families for 1-5 years.

This information will prove useful to us in identifying potential foster families. The time line for completing this task is March, 1999.

Step 9: Conduct an awareness program briefing with foster family contractors.

This step involves the consulting firm, the Children's Alliance of Kansas, and the SRS workgroup conducting a briefing with foster family contractors to receive input and feedback on specific marketing strategies, sharing of ideas and brainstorming, identifying barriers, and to discuss the feasibility of various strategies. The time line for completing this task is mid March, 1999.

Step 10: Conduct foster family focus groups.

The SRS workgroup will facilitate regional focus groups around the state with foster families, leadership of SRS, to include the Secretary, Deputy Secretary, and/or the Commissioner of Children and Family Services, and staff of the marketing consulting firm. Anticipated locations of the focus groups include Topeka, Kansas City, Wichita, and Garden City. These focus groups will serve two purposes:

1. To allow the marketing consulting firm to seek input and feedback from foster families on why they are interested in foster care to help them develop marketing strategies.
2. To allow the leadership of SRS to hear what is working and what is not working and to further understand the concerns and barriers of the existing system.

We are aware of past concerns and attitudes (positive and negative) of foster families in Kansas, through a 1998 survey of foster families in Kansas, conducted by the University of Kansas School of Social Welfare. SRS would like to learn more about these concerns so that we can begin to take the necessary steps to improve all aspects of participating in foster care. The time line for completing this task is between mid March and mid April, 1999.

Step 11: Develop a multi-media foster family recruitment campaign.

Based on their own research, and that of the SRS workgroup, the consulting firm will develop a plan for a state-wide multi-media foster family recruitment campaign, as well as for providing a plan to develop regional marketing strategies for each foster care contractor and subcontractor. The time line for completing this task is between mid April and mid May, 1999.

Step 12: Implement a multi-media foster family recruitment campaign.

Once step 11 is completed, the SRS work group will review the plan with the Commissioner of CFS, as well as with the Deputy Secretary and Secretary. Upon approval by leadership, implementation will begin. The time line for completing this task is mid April through June, 1999.

Step 13: Recruit additional MAPP trainers and expand the availability of MAPP training.

MAPP training is currently conducted by each of the foster care agencies. However, there is a need for more MAPP trainers and training needs to be better coordinated between agencies. The Children's Alliance of Kansas will work with SRS to utilize SRS MAPP trainers to conduct additional MAPP classes. Some SRS staff currently provide MAPP training for foster care contractors, as a contracted service. This is performed on their own time and not a part of their official duties as an SRS employee. All foster care agencies will share in the responsibility for conducting MAPP trainings, foster family information sessions, and orientation classes. This will help better maximize the numbers of prospective foster families trained in each series of classes. All trainings will be posted on the web site for easy access to scheduled trainings. The time line for completing this task is April through June, 1999.

Step 14: Establish foster family home improvement grants.

SRS learned that in many cases, there are missed opportunities to successfully recruit foster families due to their inability to finance general home repairs as part of the licensing requirement. SRS currently provides grants to family child care providers for this same purpose. The maximum grant allowed is \$1,500. During 1998, 375 child care providers accessed the grant program, and 493 child care providers accessed the grant in 1999. These are one-time grants. The SRS workgroup is developing guidelines similar to the family child care provider grants offered through the Commission on Economic Employment Support (EES). SRS is also exploring a partnership with the Kansas Chamber of Commerce and Industry to identify businesses who would be willing to help sponsor this effort. The time line for completing this task is April, 1999.

Step 15: Assess and evaluate foster family recruitment program.

The SRS workgroup will serve as the oversight committee of this short term plan, working with the Commissioner of Children and Family Services and her staff, in partnership with the Children's Alliance of Kansas, to make necessary adjustments to this plan which we hope will result in successful outcomes. The time line for completing this task is June, 1999.

**FOSTER FAMILY RECRUITMENT AND RETENTION
LONG TERM PLAN**

Obviously, we will not likely meet our goal of recruiting 600 additional foster families by the end of June, 1999. This campaign will need to continue beyond the end of this fiscal year. Step 15 of the short term plan will be crucial to deciding next steps. Our hope, however, is that initial outcomes of the short term plan will confirm that our efforts are on target and that we can continue with the coordinated toll-free telephone number, the web site, and state-wide marketing through the existing contract we have with the Children's Alliance of Kansas.

Additional ideas we will be exploring include:

- ✓ SRS Leadership participation in news talk shows to educate and inform the public on foster family opportunities.
- ✓ Ask the Governor to write multiple weekly articles on foster care and foster parenting.
- ✓ Encourage members of the Governor's Cabinet to become "Ambassadors" for foster parenting by making reference to foster family opportunities in their public comments.
- ✓ Seeking advertisement in the KansaGram (the official State of Kansas newsletter for state employees) on the importance of foster care and foster parenting.

SUMMARY

Recruitment is everyone's job. This means that recruitment will not be seen as the job of one department alone, even in the largest of agencies such as SRS.

The idea of constant awareness of recruitment possibilities by everyone may seem to be asking a lot, but it will have big payoffs for children in the foster care system in Kansas.

This concludes my presentation. I would be happy to entertain any questions you may have.

PROPOSED BUDGET

Central Intake and Referral

Development and initiation of a toll-free telephone number, referral service, and loops to insure that all contacts between prospective foster families and foster care agencies are made. This includes development of materials.

\$16,000

Advertising Campaign

Statewide coverage of multimedia foster family recruitment campaign, including initial study, campaign development, and implementation.

\$200,000

MAPP Expansion and Coordination

Recruiting additional MAPP trainers and coordination of MAPP training.

\$10,000

Foster Family Home Improvement Grants

Grants awarded to foster families for necessary home improvements.

\$100,000

Administration and Coordination of the Project

Direction and oversight of advertisement campaign, intake and referral services, and coordination with foster care providers to insure outcomes are achieved.

\$24,000

TOTAL PROJECT COST THROUGH JUNE 30, 1999

\$350,000



KANSAS DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

Foster Family Recruitment - Project Time Line

ID	Task Name	1999						Resource Name
		Jan	Feb	Mar	Apr	May	Jun	
1	Appoint SRS workgroup to examine foster family recruitment issues	100.00%						Deputy Secretary Schalansky
2	Conduct focus groups with foster family contractors		100.00%					SRS Workgroup
3	Complete an environmental assessment on foster family recruitment	100.00%						SRS Workgroup
4	Initial recommendations submitted to Deputy Secretary		100.00%					SRS Workgroup
5	Meet with staff from KDHE to identify ways to improve licensing processes			100.00%				SRS Workgroup
6	Establish toll free telephone number for coordinated foster family intake and referral				0.00%			Children's Alliance (through KFFK)
7	Design and maintain a foster family recruitment web site				25.00%			SRS Webmaster
8	Retain consulting firm for developing and implementing a marketing strategy			50.00%				Children's Alliance
9	Conduct an awareness program briefing with foster family contractors			0.00%				SRS Workgroup, Children's Alliance, Marketing Consultant
10	Conduct foster family focus groups			0.00%				SRS Leadership
11	Develop multimedia foster family recruitment campaign				0.00%			Children's Alliance (through marketing consultant)
12	Implement multimedia foster family recruitment campaign				0.00%			Children's Alliance (through marketing consultant)
13	Recruit additional MAPP trainers and expand availability of MAPP training				0.00%			Children's Alliance
14	Establish foster family home improvement grants				0.00%			SRS Workgroup
15	Assess and evaluate foster family recruitment process						0.00%	SRS Workgroup

Attachment 3-1
 House Appropriations Committee
 March 19, 1999

Foster Family Recruitment Workgroup
 March 8, 1999

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**State of Kansas
Department of Social
& Rehabilitation Services**

Rochelle Chronister, Secretary
Janet Schalansky, Deputy
Secretary

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**House Appropriations Committee
March 19, 1999**

Testimony: Foster Care and Adoption Services

**Rochelle Chronister, Secretary
785-296-3271**

Attachment 4-1
House Appropriations Committee
March 19, 1999

Kansas Department of Social and Rehabilitation Service
Rochelle Chronister, Secretary

House Appropriations Committee
Foster Care and Adoption Services

Mister Chairman and members of the House Appropriations Committee, I am Rochelle Chronister, Secretary of the Department of Social and Rehabilitation Services. As you know, we in Kansas have been leading the nation in forging public-private partnerships to provide family preservation, foster care and adoption services to vulnerable Kansas families and children. I thank you for the opportunity to appear before you today to discuss funding for the adoption and foster care parts of the children's welfare system.

More than three years ago, SRS issued the first of three requests for proposals to change the way we would deliver child welfare services in Kansas. Between July 1996 and May 1997, the delivery of family preservation, adoption and foster care services was transferred to private contractors around the State. That process is depicted on the *Kansas Child Welfare* diagram at enclosure 1. As part of this transfer, contractors immediately began providing services to 730 children under the adoption contract and 3,466 children under the foster care contract. Currently, our partners are providing foster care services to 4,962 children in open cases — with 4,382 children in out-of-home placements. Almost 1,600 new children have been referred to the adoption contractor since this partnership began.

Since we began this journey, shown on the *Kansas Child Welfare Chronology* at enclosure 2, there have been major accomplishments on behalf of Kansas' families and children. Some of these are:

- For the first time, family preservation services are available in all 105 counties in Kansas.
- We have met or exceeded outcomes relating to child safety, maintaining children in their families, keeping siblings together in placement, and minimizing placement moves before a child is returned home or adopted.
- SRS staff has been able to concentrate their efforts on child abuse and neglect investigations. Confirmation rates have gone up to 41 percent today, from 11 percent one year ago.
- Finalized adoptions have increased 81 percent since privatization began.
- A more well-knit continuum of services is available to children and families statewide — 24 hours a day, seven days a week.

These accomplishments — impressive as they might be — have not been without cost.

- Although adoption is working well — with more children placed in adoptive homes and more finalized adoptions — the resulting costs for the adoption contract and adoption support have risen dramatically.

- Foster care has experienced problems. Children have not moved to permanency as fast as we anticipated. We underestimated the impact of other partners, such as the legal system, in achieving permanency for children.
- Our initial inability to isolate all costs in the delivery of foster care and adoption services resulted in us underestimating case rate expenses. There have been inefficiencies in this new system, which I believe are being addressed through the business plan process.

Let me begin to talk us through where we are on the budget for foster care and adoption; how we got to where we are, why, and of most importance, what will it cost to put the system back in balance. First, briefly about case rates in the foster care contracts. When the original contracts were negotiated in late 1996, case rates for each contractor were established for each of the four years of the contract. This case rate was intended to cover the cost of all placements and services, such as food, clothing, shelter, services, etc., until the child has been successfully reintegrated with his family, or until she is referred to the adoption contractor. Contractors are also responsible for necessary services up to one year after reintegration, to ensure the child remains in his home. The notion at the time was that contractors would make some money on some children and lose money on others, but would break even at the end.

A concept referred to as "risk share" was a component of the original foster care contracts. It was built into the contracts to compensate for a lack of historical data on expenditures, and is refined annually.

Last summer, it became obvious to us that we budgeted for foster care based on initial case rates which turned out to be too low. Case rates were not covering contractor costs; we erred in not anticipating that the rates were too low and the subsequent substantial impact of risk share on the budget.

Additionally, the foster care contractors have had significant increases in the number of children in their care. The graph at enclosure 3, *SRS Foster Care Contracts - Open Cases*, shows the number of open foster care cases — ones that the contractors are responsible for — increased 47 percent between May 1997 and today.

So, what did we do about this? We paid two contractors — Kaw Valley Center and United Methodist Youthville — \$20.5 million in year 1 risk share, allowing them to recoup part of their excess costs. These risk share payments were made in both SFY '98 and '99. The three contractors absorbed nearly \$5 million in additional losses.

Also, we made a one-time payment of \$24.7 million to the contractors to help with the costs of the transition children who remained in State custody longer than anticipated. These payments — made in September 1998 and discussed with the Legislative Budget Committee and the SRS Transition Oversight Committee — were financed by using federal TANF block grant dollars for eligible children.

As to the use of TANF funds for child welfare services, you will remember that TANF was an aggregate of three federal funding sources: Aid to Families with Dependent Children (AFDC), JOBS (Title IV-F) and Emergency Assistance (EA, Title IV-A). The TANF program allowed expenditures that were authorized in our State plan as of September 30, 1995. Funding from EA in the child welfare system had been in Kansas' state plan for some time.

TANF statutes contain a "grandfather" section authorizing the continuation of the emergency assistance program and state plan as it was written on the eve of the inception of welfare reform.

A state . . . may use the grant . . . in any manner reasonably calculated to accomplish the purpose of this part, . . . or in any manner that the state was authorized to use amounts received under part A or F, as such parts were in effect as of September 30, 1995. [PRWORA 1996, 404, Use of Grants]

Additionally, in an interview with *The Wichita Eagle* on February 8, 1999, Michael Kharfen, spokesperson for the U.S. Department of Health and Human Services, said:

. . . while using TANF to pay for foster care is "outside the norm," it is not improper. In a lot of ways, we think that what Kansas is doing in the foster-care arena is quite innovative . . . There are issues to be resolved, but it's our position that they be resolved at the state level.

Finally, in a March 3, 1999 letter to SRS (enclosure 4) from the regional administrator for HHS' Administration for Children and Families, Linda Lewis wrote:

As you are aware, the Kansas Emergency Assistance Plan in operation on July 1, 1995 provided for the above-cited services to be funded through the Emergency Assistance program. Accordingly, the Kansas TANF block grant was computed based on those expenditures and TANF funds can, therefore, be spent on such services for TANF eligible children.

We have also contracted with Deloitte & Touche, a respected accounting firm, to do a financial data collection and analysis of the three foster care contractors and the adoption contractor. They will collect data on average monthly costs, length of stay and rates paid to subcontractors. Their final report should be completed in mid-April.

Foster care contract negotiations for contract year 3 — February through June 1999 — are completed. We now have signed contracts with each of the three contractors. This shortened year 3 brings contracts in line with the state fiscal year, thereby simplifying our ability to program, budget and inform you about the contracts and the foster care program.

Negotiations for year 3 of the adoption contract with Lutheran Social Services, are underway now.

As we were negotiating the year 3 contracts for foster care, it became evident that the money provided last year under the risk share provisions of the contracts and for the transition children would not be enough to stem contractor losses. We knew that the contractors had debt, and that the payments we'd made did not cover all their debt and ongoing deficits. Compounding this situation, we were surprised to learn that contractors had continued to add to their debt, and deficits were continuing to grow. Contractor estimates of their deficits totaled more than \$50 million over the next 15 months. Clearly, the foster care and adoption programs — as they were being executed — had become unsustainable.

SRS formed a "SWAT Team" under the direction of Laura Howard, special assistant to the Secretary. Their first visit was to United Methodist Youthville, the foster care contractor for Regions 4 and 5, covering Wichita and western Kansas. Ms. Howard's team spent a week with Youthville management and staff, reviewing fiscal and program issues contained in a new business plan which Youthville had prepared for SFY '99 and '00. This revised plan significantly reduced projected deficits, and addressed program and management issues. SRS accepted this new plan, and Youthville signed their year 3 contract two weeks ago. The same process will be used to review the operations of the remaining two foster care contractors and the adoption contractor.

The three foster care contractors have prepared action plans which address systemic inefficiencies in their systems. An important strategy is to reduce expenditures through targeted efforts to serve children in family foster homes — which everyone agrees is a better placement option for most children — thereby reducing the use of more restrictive and higher cost residential care.

The key strategy effecting contractor cost is achieving permanencies for children. And make no mistake — permanency for kids is what we're paying for. Action plans contain aggressive efforts to achieve permanency in child time. Coupled with the requirements of the federal *Adoption and Safe Families Act* (ASFA), permanencies will increase significantly over the next 12 months. While this does reduce total contractor expenditures and deficits, it does not immediately reduce state costs. In fact, as caseloads fall, there is an additional cost to the state when the fourth and final case rate payment is made when a child reaches permanency.

This brings us up to today. The attached tables outline the current financial status of the foster care and adoption contracts and the impact on the SRS budget. Additional resources needed are attributed to caseload (increased numbers of children and increased permanencies achieved) and risk share (deficits accrued due to lack of historical data resulting in rates that were too low and inefficiencies in a new system). The table at enclosure 5 illustrates our best estimate of the actual situation.

In summary, the total exceeds the GBR in SFY '99 and '00 by \$ 25.6 million SGF and \$35.7 million all funds. About \$10.8 million (of \$35.7) is attributed to caseload increases and \$24.9 million is attributed to contractor deficits. Contractor accumulated debt are one-time costs. Foster care revised estimates reflect a decline in the foster care budget from \$100.5 million all funds in SFY '99 to \$86.8 million in '00.

The table at enclosure 6 depicts my recommendation for addressing this shortfall. It assumes SRS expenditure reductions and an internal re prioritization totaling \$10.0 million. This reduces the total remaining deficit to \$18.3 million SGF and \$25.7 million all funds over the next two fiscal years. That is what I am asking from you today.

What do we see in our crystal ball for foster care and adoption?

- We will have a clearer picture of the actual costs of delivering quality services.
- We will be able to establish outcomes which are based on validated data.
- We will have identified the impact of key players in the child welfare system, and removed the barriers to achieve permanency for children sooner in the life of the case.
- We will demonstrate that it is possible to keep costs in balance and achieve accountability within the private and public sectors.
- We will have fewer children entering the system, and most will exit quicker.

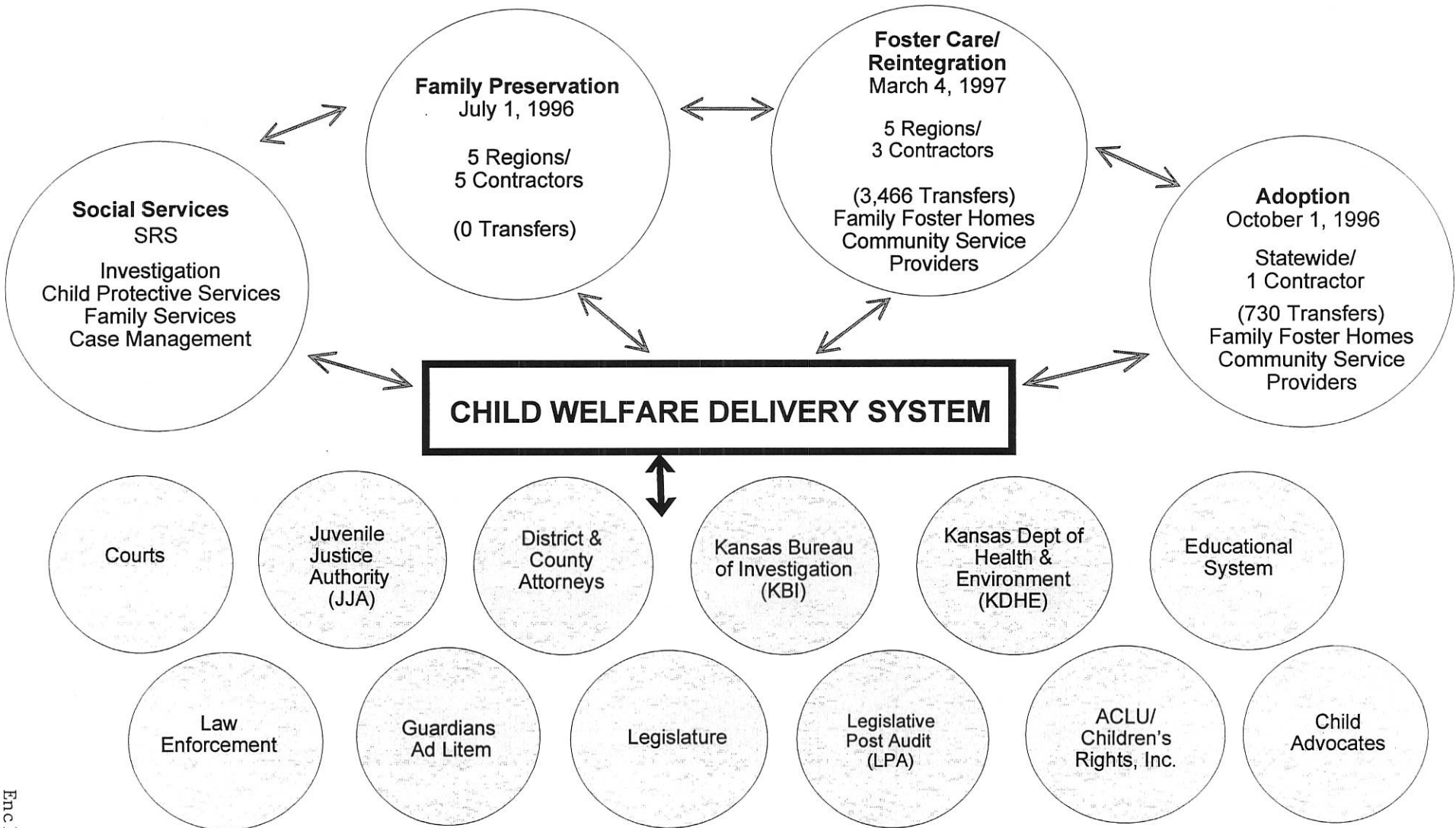
In sum, Mr. Chairman, the foster care system has been grossly underfunded for years, but no one wanted to put more money into a system that was broken for at least as many years. This new public-private partnership system makes sense — and it is working. It's been refreshing to this former Appropriations chair that — for the past several weeks — we've been debating how much money needs to be put into foster care. Most of you will remember that the discussions during the interim were all about the safety of children in our care — money was not on most people's radar screens. That's a telling indication of just how far we've come in the past several months. If we are serious about moving the child welfare system toward prevention and early intervention — and Mr. Chairman, we are — we know that for a time foster care and adoption services will be more expensive and require a higher level of resources. There is what I have described as a "year 3 bubble" moving through the SRS budget. But we expect that the efficiencies of today will be built into the contracts of tomorrow, leading to the financial stability of the child welfare system.

Mr. Chairman and members of the Committee, thank you. I'll stand for questions.

KANSAS CHILD WELFARE

March 5, 1999

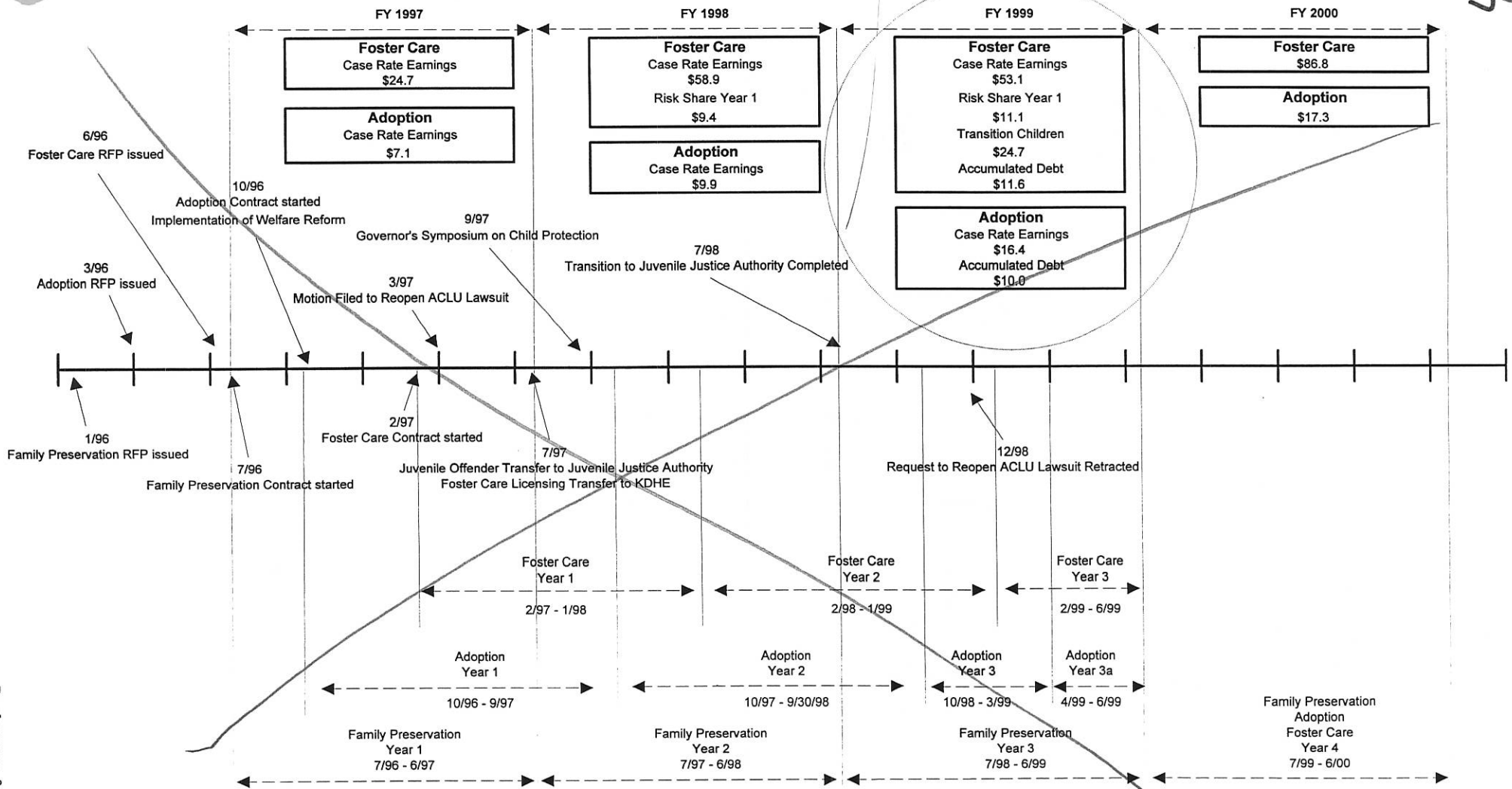
4-7



KANSAS CHILD WELFARE CHRONOLOGY

(\$ in millions)

4-8

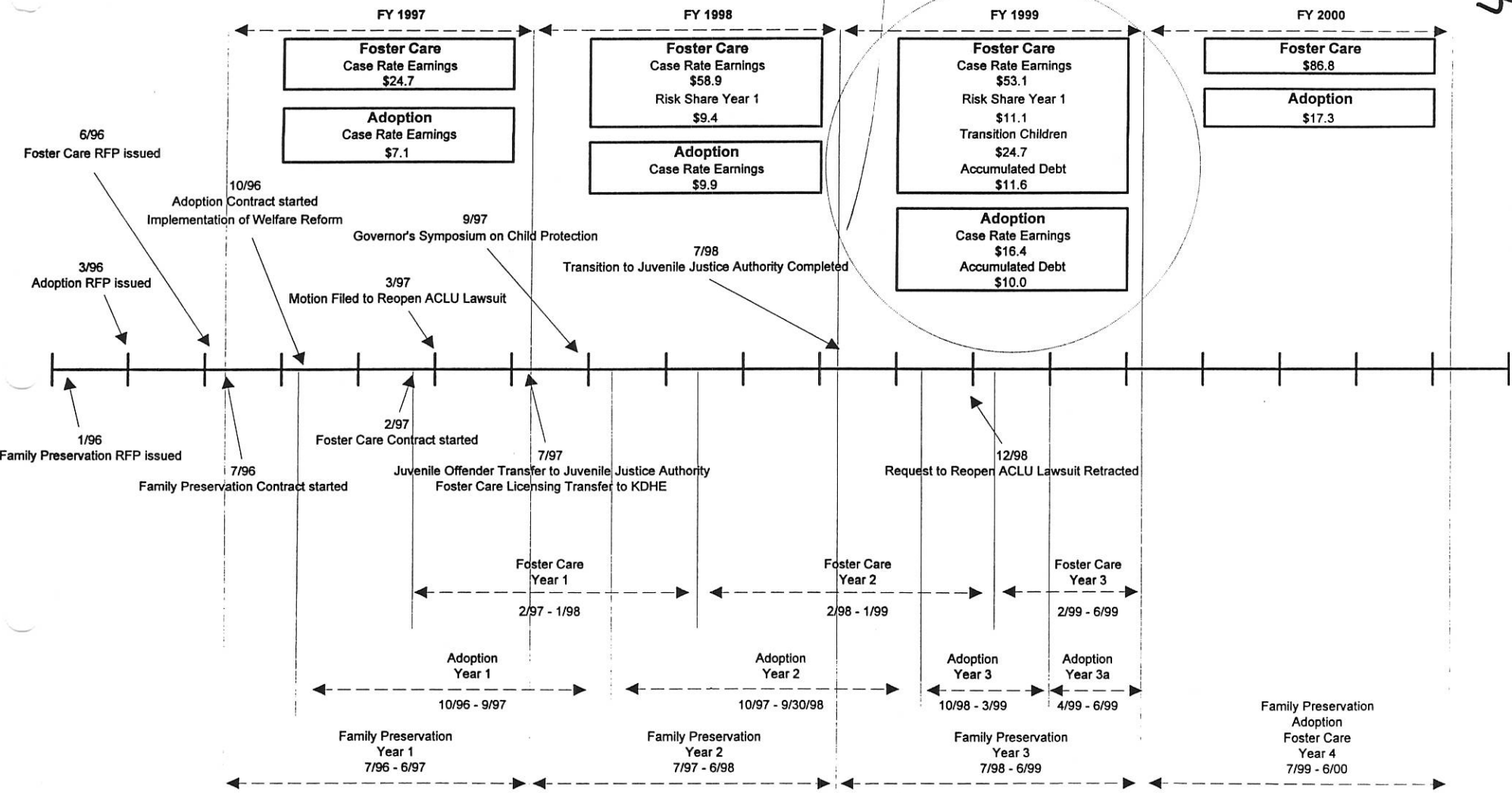


Enclosure 2

KANSAS CHILD WELFARE CHRONOLOGY

(\$ in millions)

4-8





DEPARTMENT OF HEALTH & HUMAN SERVICES

Administration for Children and Families
Region VII

Room 276, Federal Office Building
601 East 12th Street
Kansas City, Missouri 64106

March 3, 1999

Ms. Rochelle B. Chronister
Secretary
Department of Social and
Rehabilitation Services
Docking State Office Building
Topeka, Kansas 66612

Dear Secretary Chronister:

This is to confirm our recent discussion about the allowability of using TANF funds for services, including shelter care, kinship care, or group residential care, that were a part of the State's Emergency Assistance Plan in effect on July 1, 1995. TANF funds can be used for these services for TANF eligible children.

As you are aware, the Kansas Emergency Assistance Plan in operation on July 1, 1995 provided for the above-cited services to be funded through the Emergency Assistance program. Accordingly, the Kansas TANF block grant was computed based on those expenditures and TANF funds can, therefore, be spent on such services for TANF eligible children.

We are aware this investment of TANF funds is one of several the State is making to help families achieve self-sufficiency. If we can be of further assistance, please contact me.

Sincerely,

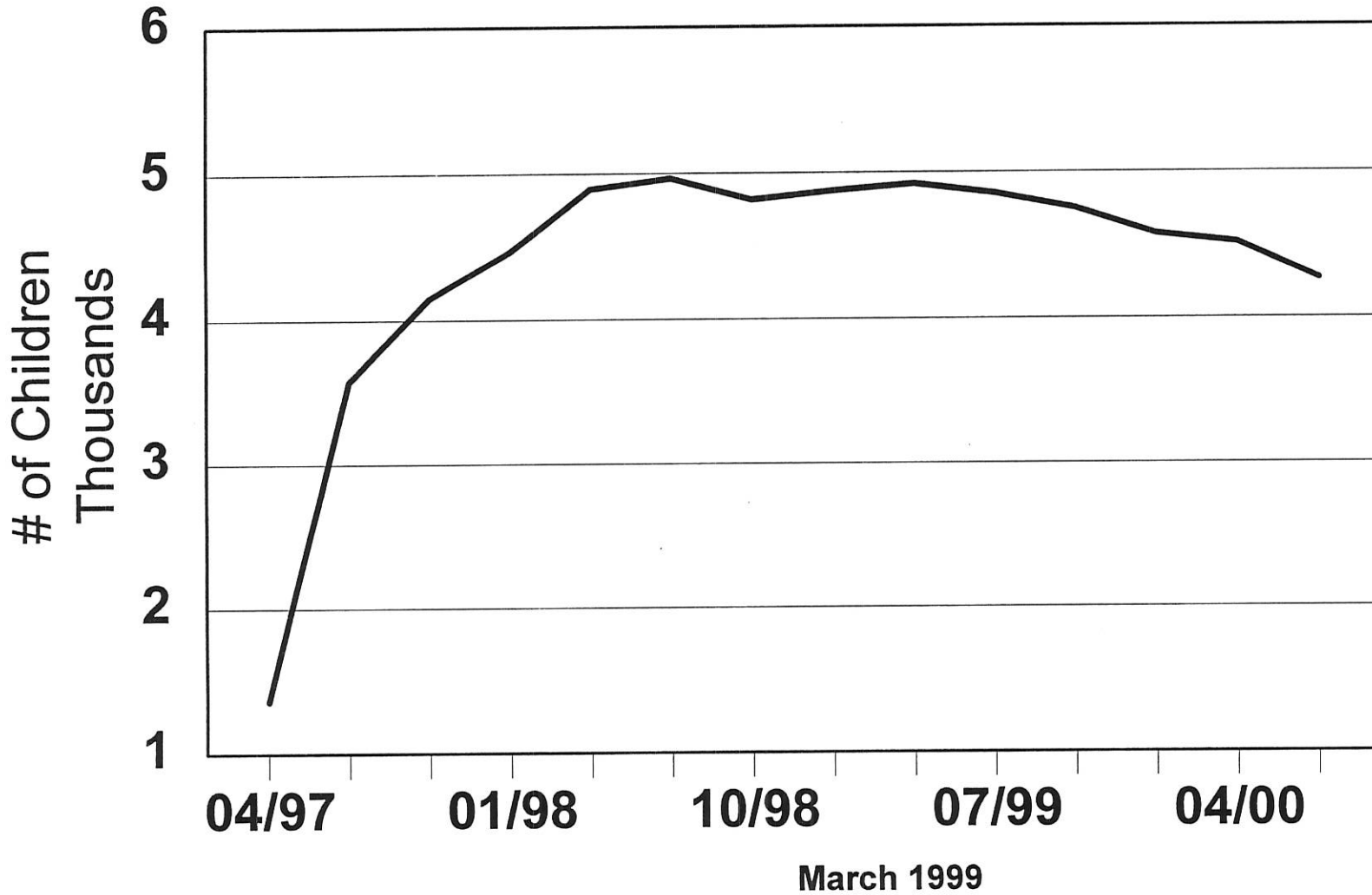
Linda K. Lewis
Regional Administrator

4-9

SRS Foster Care Contracts Open Cases

(3 Month Average)

4-10



March 1999

Table 1

**Current Status of Foster Care and Adoption - Budget Impact
(In Millions)**

	FY 1999 GBR	FY 1999 Revised	Change from GBR
Adoption	\$16.4	\$26.4	\$10.0
Adoption Support	13.5	13.5	0.0
Foster Care	84.9	100.5	15.6
GRAND TOTAL	\$114.8	\$140.4	\$25.6
		Caseload	\$4.0
		Deficit	21.6
		Total	\$25.6

	FY 2000 GBR	FY 2000 Revised	Change from GBR
Adoption	\$14.7	\$17.3	\$2.6
Adoption Support	14.5	16.8	2.3
Foster Care	81.6	86.8	5.2
GRAND TOTAL	\$110.8	\$120.9	\$10.1
		Caseload	\$6.8
		Deficit	3.3
		Total	\$10.1

Amount Needed in Addition to GBR -- Financing Summary

	State General Fund	All Funds
FY 1999	\$18.7	\$25.6
FY 2000	6.9	10.1
Total	\$25.6	\$35.7

SRS, March 10, 1999

4-11

Table 2

**Current Status of Foster Care and Adoption - Budget Impact
(In Millions)**

	FY 1999 GBR	FY 1999 Revised	Change from GBR
Adoption	\$16.4	\$26.4	\$10.0
Adoption Support	13.5	13.5	0.0
Foster Care	84.9	100.5	15.6
GRAND TOTAL	\$114.8	\$140.4	\$25.6
		Caseload	\$4.0
		Deficit	21.6
		Total	\$25.6
		Less SRS Cuts	8.5
		Revised Total	\$17.1

	FY 2000 GBR	FY 2000 Revised	Change from GBR
Adoption	\$14.7	\$17.3	\$2.6
Adoption Support	14.5	16.8	2.3
Foster Care	81.6	86.8	5.2
GRAND TOTAL	\$110.8	\$120.9	\$10.1
		Caseload	\$6.8
		Deficit	3.3
		Total	\$10.1
		Less SRS Cuts	1.5
		Revised Total	\$8.6

**Amount Needed in Addition to GBR -- Financing Summary
(Assumes SRS Reductions and Expenditure Reprioritization -- \$10.0 million
to be achieved over a 15 month period)**

	SGF	All Funds
FY 1999	\$12.5	\$17.1
FY 2000	5.8	8.6
Total	\$18.3	\$25.7

SRS, March 10, 1999

4-12

**External Evaluation of the
Kansas Child Welfare System
Third Quarter Report
(July-September 1998)**

Submitted on: January 12, 1999

Submitted to: *Department of Social and Rehabilitation Services
Commission of Children and Family Services
State of Kansas*

Contract #: 98-59

Submitted by: *James Bell Associates
2111 Wilson Blvd., Suite 1120
Arlington, VA 22201
(703) 528-3230
FAX (703) 243-3017*

FOSTER CARE AND REINTEGRATION

Note: Corrected foster care reintegration data was received just prior to the publication of this document. There was insufficient time to correct the data or to determine whether they are minor adjustments or seriously alter major findings. Therefore, all findings cited in this section should be interpreted with caution.

Although most foster care and reintegration performance standards were met, those measuring timeliness of permanency, whether youth were released from custody fully-prepared, and replacement of children in foster care within a year of returning home remain problematic:

- For the period of January to September, there were 2,518 children entering foster care, while only 2,027 exited (FC1.b.i.). During this time, foster care entrants outnumbered exits from January - May. Exits outnumbered entrants during the summer months, before dropping off in September.
- Mirroring the modest rise in the number of incoming abuse/neglect reports, from January to May 1998, the number of open foster care cases rose from 4,560 to 4,877, representing a 7% increase (FC1.a.i.). During this same time period, the proportion in out-of-home care ranged from a low of 79% in March to a high of 89% in August.
- The number of families caring for a relative child increased by 32%, from 450 in December to 592 in July, before decreasing by 7% to 552 through September (FC3). During the current calendar year, the proportion receiving a foster care payment averaged 11%.
- With regard to the performance standards, the following standards were met or exceeded:

-- **Child Safety Rate in Foster Care (FC4):**
Standard -- 95%
State YTD -- 99%
Regional Range -- 99% (all)

-- **Child Foster Care Placement Move Rate Below Four Moves (FC5):**
Standard -- 90%
State YTD -- 98%
Regional Range -- 97% - 98%

-- **Child Placement with Siblings Rate (FC6):**
Standard -- 65%
State YTD -- 78%
Regional Range -- 69% - 92%

- **Child Placement Rate Within Region of Origin (FC7):**
 - Standard -- 70%
 - State YTD -- 82%
 - Regional Range -- 74% - 90%

- **Child Safety Rate Within 12 Months of Return Home From Foster Care (FC13):**
 - Standard -- 80%
 - State YTD -- 96%
 - Regional Range -- 92% - 100%

- **Youth Released From Custody Rate With High School Graduation, GED, or Job Training (FC15):**
 - Standard -- 75%
 - State YTD -- 76%
 - Regional Range -- 67% - 93% only regions 1 and 4 above standard

- The following performance standards were not met:

- **Percent of Children Returned Home or Achieving Other Permanency Within 180 Days of Referral (FC12):**
 - Standard -- 40%
 - State YTD -- 21%
 - Regional Range -- 8% - 27% with no regions above standard

- **Child Non-Foster Care Placement Rate Within 12 Months of Return Home (FC14):**
 - Standard -- 90%
 - State YTD -- 37%
 - Regional Range -- 42% - 76% with no regions above standard

- Within 12 months of referral, 32% of children returned home or achieved other permanency YTD. The regional breakdown was 29% - 35% (no standard specified).

- **Satisfaction Rate:** Response rates to the satisfaction surveys have been low and these findings should be viewed with caution.
 - Standard: - 80% of families satisfied with services
 - Cumulative Rate YTD: - 58% satisfied

- Other indicators:
 - **Health Screenings (FC8):** 79% completed of those due YTD;
 - **Independent Living Plans (FC9):** 92% completed of those due YTD;
 - **Educational Advocates (FC10):** 38% completed of those referred YTD.

Bill Draft:

Consolidation of Agencies of Public Safety: Study Bill

The bill would authorize a task force to examine creating a cabinet level department of public safety that would study the feasibility and efficiencies that would be achieved by consolidating public safety functions such as the Highway Patrol, Fire Marshall, ABC, KBI, Division of Emergency Management and EMS.

The study committee will be seven members: four members to be appointed by the Speaker, President and Minority leaders (two from the House and two from the Senate); three members appointed by the Governor.

A report will be issued to the State Budget Committee and the Governor by November 1, 2000.

The Legislative Research Department and Office of Revisor of Statutes will offer staff support to the committee.