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OFFICE OF THE GOVERNOR

KENNY C. GUINN
Governor

MEMORANDUM

To:	**Senator William Raggio, Chair, Senate Finance Committee**
From:	**Governor Kenny C. Guinn**
Re:	**Child Welfare Future Funding Plan**
Date:	**May 20, 2003**

Dear Senator Raggio:

I am writing to reaffirm my support of the Future Funding Plan which is outlined in the Executive Budget for the Child Welfare Future Funding Plan and program integration. This plan has been briefed before the Senate Finance Committee by the Division of Child and Family Services. The details of the Future Funding Plan are specifically referenced in the documents provided and attached, "Child Welfare Integration (B A 3142)," pages 21-23.

After many hours of negotiation with Washoe and Clark counties, and the Legislature, I felt that it was necessary to put forth a specific and well-defined Child Welfare Future Funding Plan. I directed that the plan should not unfairly burden the State and the State would establish the principles for all future funding. I appreciate greatly the hours of work that have gone into developing this plan and thank those from the Nevada Legislature, counties of Washoe and Clark and my colleagues at the Nevada Department of Human Resources.

cc: Senator Raymond Rawson, Vice Chair
Senator Dean Rhoads
Senator Barbra Cegavske
Senator Sandra Tiffany
Senator Bob Coffin
Senator Bernice Mathews

- © Foster care rates funded at the $21/day rate for all entities.
- © Staffing ratios at 1:28 cases for all entities.
- © Equal treatment for everyone – no cost of living adjustments, no CPI's, no budgeted overtime/callback pay, no enhancements for respite, adoption recruitment or foster care liability, etc.
- © Appropriate rental cost adjustment for early co-location in Clark County.

FUTURE FUNDING AFTER THE 2003-2005 BIENNIUM

Recognizing that if integration did not occur, the state would maintain responsibility to fund an adequate child welfare system, Governor Guinn is committed to the following principles when developing future year integration budgets:

- © Caseload staffing ratios that are equitable between entities providing child welfare services (1:28 ratios).
- © Foster care rates that are not disparate between entities ($21/day) and if future legislatures approve rate increases the non-federal share of the increase should be passed-through to the counties. If counties increase the foster care rates or choose to pay rates higher than the state, they should be responsible for the non-federal share of the increased costs.
- © Passing through the non-federal share of legislative approved COLA's (salaries/benefits) and CPI's (operating costs) to the counties in future years. Again, if the counties budget/approve higher COLA's or CPI's than the legislature approves, only the state approved non-federal share would be passed through.
- © Funding reasonable caseload growth and staffing based on state approved projection methodology.
- © Working with the counties to transfer higher levels of care to the counties in future years and in the mean time to provide some incentive to the counties to help the state reduce the cost of higher levels of care.
- © Determining if a "fixed funding formula" can be agreed to in a future legislative session after each county has at least a full year of integration experience.

STATE OF NEVADA
2004-2005 BIENNIAL BUDGET REQUEST
DEPARTMENT OF HUMAN RESOURCES
DIVISION OF CHILD AND FAMILY SERVICES

The Legislative Committee on Children, Youth and Families was authorized to revise the plan submitted by DCFS and submit it to the Governor and the Interim Finance Committee on/before November 15, 2002.

WHAT WAS THE PLAN?

System bifurcation would be eliminated by transferring the responsibility for "back-end services," including foster care, adoption, and other related services from the state to the counties. Washoe and Clark County would retain their current responsibility for all "front-end services," including child abuse and neglect investigations, emergency shelter care and short-term foster care. The cost for higher levels of care would remain the states responsibility.

To address the fiscal responsibility (share of cost) it was recommended there be a "swap" of costs between the state and the two counties under which the state would assume responsibility for the costs of the Medicaid County Match/Long-Term Care program and the two counties would assume responsibility for all "back-end" child welfare costs relating to salaries, benefits and operating. It was determined this was a near-equal trade in FY 04 dollars.

The remaining "back-end" costs (primarily placement costs) would be shared based on a formula that considers the relative share of costs borne by the counties and state after the "swap" is taken into account. The two counties would be on different schedules for assuming shared costs because the transfer has been implemented in Washoe County, but delayed in Clark County.

THE EXECUTIVE BUDGET FOR THE 2003-2005 BIENNIUM

The Executive Budget for the 2003-2005 biennium does not utilize the funding plan suggested by the interim work group. The "swap" of Long-Term Care costs for certain back-end services (salaries, benefits and operating) was determined to be too risky with regard to future years growth.

Also, because of the current revenue shortfalls in state government and delays in the ability to move forward on integration plans in Clark County, it has been difficult to project future year costs.

The Executive Budget includes:

- Funding to maintain integration in Washoe County and to phase in the integration plan in Clark County. The transfer would be completed in October 2004.

STATE OF NEVADA
2004-2005 BIENNIAL BUDGET REQUEST
DEPARTMENT OF HUMAN RESOURCES
DIVISION OF CHILD AND FAMILY SERVICES

CHILDWELFARE INTEGRATION
FUTURE FUNDING PLAN

AB1/HISTORY

Assembly Bill 1 of the 17th Special Session was passed unanimously and signed into law by Governor Guinn. Many reasons existed why this legislation was and still is important, including; under a bifurcated (county/state) system permanency plans for children may be unnecessarily delayed, children change case managers when transferring from the county to the state, children often changed foster homes, interrupted services and duplication of efforts.

AB1 also noted many fiscal issues to be considered in developing the plan for integration and future funding, including the following:

- Disparities in the rates of reimbursement for providers of foster care. It noted rates for foster care reimbursement should be established at a level that enables a provider of foster care to care for a child adequately and that rates should be standardized within each county.
- Disparities in the compensation paid to employees of the counties and the state. Fairness to employees affected by the integration plan was a priority.
- Recognition that the state and counties have shared in the fiscal responsibility for the costs of providing child welfare services historically and that each must be committed to ensuring maintenance of their efforts in providing future services and equitably sharing future costs.
- Recognition that to ensure an equitable funding formula in the future, "base" amounts of funding must be built on full fiscal year experience.
- The system is adequately funded and structured to avoid unnecessary interruptions in placement and will ensure that permanency is achieved for children.

Section 132 of AB1 requires DCFS/DHR in consultation with each county to develop a plan for funding the Child Welfare system and address the fiscal responsibility of the state and each county for any increases in costs. The funding plan was to be submitted to the Legislative Committee on Children, Youth and Families on/before September 15, 2002.