Discussion Points

DEPARTMENT OF CHILDREN AND FAMILIES (GENERAL)

1. The FY 2009 recommended budget reduces the number of State employees through an Early Retirement Initiative **(ERI)** and layoffs. A department's ability to hire employees to fill these vacant positions will be limited. The impact these personnel actions will have on the department's programs and services is not clear.

- ***Question:*** **How many employees are eligible for the ERI or may be laid off, by division? To the extent that new employees cannot be hired to fill the vacated positions, what services or programs does the department intend to reduce or eliminate? How will the reductions affect the department's monitoring and oversight of contracts and its efforts to maximize federal reimbursements? To the extent that new employees cannot be hired to fill the vacated positions, what services or programs does the department intend to reduce or eliminate? How will the reductions affect the department's monitoring and oversight of contracts and its efforts to maximize federal reimbursements?**

The administration's ERI proposal does not include the Department in the eligible pool of employees because of the backfill cap requirement. As a result, the Department has not engaged in this planning process.

2. The FY 2008 appropriations act included about $8.8 million (gross) for overtime, primarily in the Division of Youth and Family Services (DYFS). DYFS caseloads have declined from 51,300 (February 2007) to nearly 45,500 (July 2007), according to the September 2007 Quarterly Data Update. With lower caseloads, overtime expenditures should be reduced.

- ***Question;*** **What are the department's projected FY 2008 overtime expenditures? Have overtime costs been reduced as a result of the caseload decline? If not, why not?**

The FY 2008 overtime expenditures for the Department of Children and Families are projected to be $6.7 million. When compared to FY 2006, during the peak of our case closing project, overtime expenditures have decreased by nearly $1.9 million.

3.a. The FY 2007 recommended budget estimated $135 million in federal Title IV-E Foster Care revenues. Actual FY 2007 revenues were $113.9 million, approximately 16% less than anticipated.

- ***Question:*** **What accounted for the $21.1 million reduction in Title IV-E reimbursements?**

The Governor's Recommended Budget annually includes our estimates based on the information available at the time the projection is made. The FY 2007 recommended budget estimate for Title IV-E included projections for initiatives that ultimately did not generate the anticipated level of federal revenue. Throughout each fiscal year, we continually monitor the expenditure and claiming of these dollars. Management controls are in place and we make adjustments to our spending plan based on the actual usage and claiming history of the federal funds. Through our operational controls and claiming we manage the actual receipt and utilization of these funds.

The issue is not one of accounting for a reduction in reimbursements, but rather, monitoring and right-sizing the projections to be consistent with federal requirements, regulations and departmental claiming. In effect, the $135 million was overstated. Additionally, the $113.9 million received in FY 2007 includes $18.2 million of prior year reconciliations and deferrals from FY 2005 and FY 2006.

4.b. Federal Title IV-E Foster Care revenues are expected to decrease by about 5.0%, from $99.2 million (FY 2008) to $94.3 million (FY 2009).

- ***Question:*** **As the number of subsidized adoptions has increased, what accounts for the $4.9 million reduction in federal Title IV-E reimbursements?**

The majority of the $4.9 million reduction is actually due to the elimination of SACWIS development costs in FY 2009. The $99.2 million Title IV-E estimation in FY 2008 included $4.7 million for SACWIS that does not recur in FY 2009.

4.c. The federal government had deferred approximately $2.2 million in reimbursement pending the receipt of additional information/documentation concerning: Foster care administrative costs - $0.6 million; Other foster care costs - $1.2 million; and NJ Spirit/SACWIS costs- $0.4 million.

- ***Question:*** **What is the status of these deferrals? Has the federal government deferred any subsequent claims? If so, how much additional claims have either been deferred or denied?**

In June, 2007, DCF received a Notice of Grant Award for the $1.2 million that had been deferred for the Foster Care Program. The other deferrals for Foster Care and NJ SPIRIT have been favorably resolved and the funds have been received.

There are no outstanding deferrals at this time. No claims have been denied.

5. In 2007, $15.6 million was made available to develop additional residential beds to serve 200 children. As construction costs have increased during the past year, the $15.6 million may be insufficient to create the 200 beds.

- ***Question:*** **Is the $15.6 million adequate to develop 200 new beds? If not, how much additional funding may be required? Alternatively, will fewer beds be developed?**

Yes, the $15.6M is adequate. Construction costs do not affect the rate for these services. The rates are agreed to by DCF and the provider for services and other costs. If the provider's costs change, then they are assumed by the provider or managed within the set rate.

CHILD PROTECTIVE AND PERMANENCY SERVICES

6. Approximately $214.8 million (State) is recommended for Personal Services for the Division of Youth and Family Services (FY 2009).

Due to a change in how caseload data are reported, the recommended budget no longer provides information as to the average monthly number of children and families receiving services from the Division of Youth and Family Services. However, when such data was last reported, the number of children receiving services had declined from 51,300 (February 2007) to 45,500 (July 2007).

- *Question:* **As caseloads appear to be declining, can overall caseworker staffing be reduced? If not, why not? How many children currently receive services?**

This question appears to refer to data regarding the number of children under DYFS supervision, which was 51,255 in March 2007 and 45,455 in July 2007. DCF currently has 49,703 children under DYFS supervision.

We are managing within our current workforce and do not need additional caseload staff. However, we cannot afford to lose staff.

The Modified Settlement Agreement (MSA) in *Charlie and Nadine H. v. Corzine*, New Jersey's child welfare reform litigation, continues to increase the compliance rates for us to meet caseload standards both in terms of percentages and in terms of average number of children/families served by each office. For instance, in December 2007 the intake standard was 63% of the offices have average caseloads of 15 families/8 new referrals. In June 2008, the intake standard becomes 74% of the offices and 12 families/8 new referrals. By June 2009, 95% of the offices and 95% of the workers must meet a caseload standard of 12 families/8 new referrals. Therefore, caseworker staffing cannot be reduced, particularly given the State's continued commitments around caseloads in the MSA, which are standards we also believe are appropriate to help ensure the ultimate safety and well being of children served.

7. To provide medical services to children in out-of-home placement under DYFS supervision, the department prioritized enrollment of children into Medicaid managed care. While the percentage of children enrolled in managed care increased from about 49% (December 2005) to nearly 66% (December 2007), upwards of 7,200 children in out-of-home placements are still not enrolled.

- *Question:* **What accounts for the difficulties in enrolling these children into managed care?**

The data referred to in the question is from the Department of Human Services' (DHS) Division of Medical Assistance and Health Services (DMAHS) Managed Care Report which reports on Managed Care enrollment for all children eligible for "DYFS Medicaid." The three main categories of children receiving DYFS Medicaid Program 600 are: 1) eligible children in out of home placement; 2) eligible children in subsidized adoptions, and 3) eligible children in Kinship Legal Guardianship (KLG) status.

The December 2007 Managed Care Report does not differentiate among children residing in out of home placement, adopted children or children in KLG status. DYFS' initiative to enroll children in managed care encompasses children in out of home placement only. The Department's most recent subsidized adoption/KLG data is from June 2007, at which time there were 13,244 children residing in either status. These children are not part of the Managed Care initiative. In September 2007, there were 9,482 children residing in out of home placement. In December 2007, there were 9,518 children residing in out of home placement. Children who have been adopted or who are in KLG status are not considered to be in out of home placement, but rather in their own permanent homes and their parents' or guardians' determine whether to enroll their children in Medicaid Managed Care or Medicaid Fee for Service.

On February 28, 2008, DMAHS provided DCF with its most recent "DYFS Foster Care Children Counts" report, last updated in September 2007. The report includes the percentage of children residing in out of home placement either enrolled in Managed Care or exempt from enrollment, such as a child already enrolled in another Managed Care program. From April 2006 through September 2007, an average of 82% of children in out of home placement were enrolled or exempted from enrollment. As of September 2007, 6,263 children (83%) were either enrolled or exempted from enrollment in Managed Care. DCF has no reason to believe that its enrollment/exemption percentages decreased in December 2007.

8. During CY 2007, the department licensed about 1,300 new resource families, or 25% above its goal. The 1,300 new licensees do not reflect resource families that dropped out of the program.

- ***Question:*** **What was the net increase in the number of resource families during CY 2007? Between July - December 2007, what was the net increase or decrease in resource family homes?**

The net gain of resource families was 829 in CY 2007 and 266 in the first six months of FY 2008.

9. FY 2008 appropriations act language allowed the unexpended balances from the Capital Improvements for Child Advocacy Centers to be available in FY 2008. This language is not continued in FY 2009. As of this writing, the account has about $155,000 in unexpended funds. These monies are in "reserve" and may possibly lapse at the end of FY 2008.

- ***Question:*** **Will these monies lapse?**

DCF plans to work with two of the Child Advocacy Centers (CAC) that have not reached their maximum expenditure amounts of $500,000. DCF has requested proposals from both the Hudson County CAC and the Burlington County CAC for up to an additional $75,000 in funding to be used towards CAC capital improvement projects. By streamlining the proposal process, DCF plans to distribute the funds in a timely fashion and maximize the unexpended monies in the account.

10. The Child Health Units program appropriation of $19.0 million (gross) assumes $9.5 million in federal Medicaid reimbursements.

As Child Protective and Permanency Services are available to all children and many of the children receiving services are not Medicaid eligible, it is questionable whether 50% of the program's costs qualify for federal Medicaid reimbursement.

- ***Question:*** **What is the basis for assuming federal Medicaid reimbursements of $9.5 million?**

DCF will claim eligible Medicaid administrative costs associated with the Child Health Units through its Cost Allocation Plan. We anticipate these costs will be reimbursed at fifty percent (50%).

CHILD BEHAVIORAL HEALTH SERVICES

11.a. In December 2007, interim final rules concerning Medicaid reimbursement for case management were adopted by the federal government.

The rules prohibit per diem, weekly or monthly reimbursement rates. Rather, reimbursement would be on a fee-for-service basis. This reimbursement change would particularly affect Care Management Organization (CMOs). The FY 2009 recommended budget assumes $9.9 million in federal reimbursements to CMOs.

- ***Question:*** **Assuming that implementation of the these regulations is not delayed, is the $9.9 million in federal reimbursement CMOs are expected to still valid**

DCF/DCBHS is currently working with its provider community to implement new billing mechanisms to comply with the federal regulations. This implementation requires review and approval of a new state plan amendment by the Centers for Medicare and Medicaid Services (CMS). DCF believes it can fully implement new billing practices, with a sufficient rate to support the FY 2009 projected federal revenues. However, several logistical and policy issues have yet to be finally clarified by CMS, including their approval of both service description and rate setting methodology, and creation of new billing codes and practice standards for CMOs . Until these issues are finalized an accurate and complete FY 2009 projection is not possible at this time.

11.b. Proposed federal regulations, August 2007, clarify the definition of "rehabilitation services" and impose other requirements with respect to Medicaid reimbursement for such services. The FY 2009 recommended budget assumes nearly $110 million in federal Medicaid reimbursements for these types of services.

- ***Question:*** **Assuming that implementation of these regulations is not delayed, is the $110 million in federal reimbursement for "rehabilitation services" still valid?**

Currently, we believe these revenues will remain substantially the same after implementation of the new federal regulations in June 2008. A bill is pending in Congress that would extend the moratorium on enforcing the Medicaid regulations until April 2009. DCF is working to come into compliance with these new rules, though we believe their impact will not be significant.

11.c. During November 2007, the department proposed new rules concerning in-community mental health rehabilitative services for children. These rules may differ from proposed federal rules and may impose additional costs that may not qualify for federal reimbursement. These additional costs would be funded entirely with State funds.

- ***Question:*** **What additional costs do the proposed November 2007 regulations impose that may not qualify for federal reimbursement?**

The regulations do not impose any new requirements that are not eligible for federal reimbursement. DCF has not changed its reimbursement methodology, or its reimbursement rates for these services. We anticipate no new state costs as a result of these rule changes.

12. The FY 2009 recommended budget for the Department of Human Services, Division of Medical Assistance and Health Services reduces Medicaid reimbursement for children's partial care services provided by hospitals. This would save approximately $12.1 million (gross), or over $6.0 million (State).

In general, partial care programs and other out-patient mental health services provided by hospitals are more expensive than similar programs provided by non-hospital providers for numerous reasons, such as higher compensation and benefits for employees and higher overhead costs.

- ***Question:*** **Have any hospital based programs indicated that they may discontinue providing partial care services to children if reimbursement is reduced? To the extent that hospitals discontinue to provide partial care services, is sufficient capacity available at non-hospital based programs to provide this service?**

DCBHS is working with DMAHS on the final rate they expect to implement in January 2009. DCBHS is working with providers to formulate clinical and staffing criteria related to the final rate. DBCHS will also comply with the Office of Legislative Services 2006 report and institute prior authorization of these services. We are not aware of any hospital based programs that have indicated that they may discontinue providing partial care services if reimbursement is reduced. As for capacity, the Medicaid pediatric rate increase has also helped psychiatric physicians so if hospitals did cut services, children would still have another option in the community.

13.a. The FY 2009 budget recommends $43.5 million (gross) for Care Management Organizations and $18.3 million (gross) for Youth Case Managers. As the case management services provided by these programs are similar to a large extent, the department was to implement a pilot program to merge these services in three counties in late FY 2008.

- ***Question:*** **What is the status of this consolidation?**

The pilot program, Unified Case Management (UCM), was developed in response to nine public hearings and DCBHS statewide stakeholder meetings. The caseload standards applied to the UCM were developed by a multi-disciplinary provider and family work group.

As of April 1, 2008, the UCM is fully operational in Essex County. During a three month period, DCBHS and community providers collaboratively implemented standards. The UCM is a partnership between the Essex County CMO and two well-established and respected community providers.

DCBHS will carefully evaluate the efficacy and service of the UCM throughout the year. DCBHS will make funds available through the competitive bidding process for UCM in two additional counties in the next fiscal year.

13.b. The department indicated that any consolidation would be cost neutral. However, the elimination of duplicative administrative functions should generate savings even if additional direct care staff is hired.

- ***Question:*** **What is the approximate dollar value of the administrative positions to be eliminated through consolidation?**

At this time we do not anticipate any cost savings through consolidation. The currently operative unified case management entity is servicing 800 youth through an innovative approach. We may see efficiencies as the work develops. Future expansion areas may see fewer administrative positions, but all potential savings are currently expected to be required to fund further direct care savings.

14. The FY 2009 recommended budget indicates that over 14,000 youth will be served by Case Management Services (Care Management Organizations and Youth Case Management). At the end of February 2008, nearly 7,000 children were receiving services.

- ***Question:*** **What accounts for the doubling of the number of children from 2008 to the estimated number for 2009?**

The data cited at the end of February is a point in time count of children actively in a case management service. Generally DCBHS has approximately 7,000 children active in case management at any given time. The 14,000 children served from the evaluation data, is an aggregate count of children served during the year. Generally DCBHS serves approximately 14,000 children annually in case management services, approximately 4,000 in CMOs and 10,000 in YCMs. We believe these numbers will continue to be consistent with past years.

15. In FY 2008, approximately 12% of the $18.3 million Youth Case Manager appropriation was reimbursed by Medicaid. The FY 2009 recommended budget also indicates that Medicaid reimbursement will represent approximately 12% of total program costs.

The department was to provide technical assistance to agencies to increase their Medicaid reimbursement. It appears that such assistance was not successful in increasing Medicaid reimbursement.

- ***Question:*** **What accounts for the department's difficulties in increasing Medicaid reimbursement for Youth Case Managers services?**

In response to concerns raised by some YCM organizations that DCBHS FY 2007 Medicaid revenue targets were unattainable, DCBHS met with YCM directors individually to consider any unique situation affecting an organization's Medicaid revenue target. Among the reasons cited were the lower percentages of Medicaid eligible youth served than projected, disallowance of travel time as an eligible cost, and difficulties in getting youth and families to attend billable face-to-face meetings. We reviewed revenue targets and right sized some of them.

DCBHS is providing ongoing technical, programmatic, contracting and fiscal assistance to YCMs over the course of the year. This has led to some success in Medicaid revenue generation. Initial data shows YCMs are trending to as much as 10% more revenue in FY 2008. We will continue to work with providers to improve upon this performance.

16. The FY 2008 and FY 2009 appropriations for Outpatient services ($5.7 million) and Partial Care services ($6.9 million) assumed no federal Medicaid reimbursements. The department had indicated that federal Medicaid reimbursements would be available, though no amount was identified.

- ***Question:*** **As no federal Medicaid reimbursements are reflected in either the FY 2008 or FY 2009 budgets for these two programs, what is the status of obtaining Medicaid reimbursement for Outpatient and Partial Care services?**

Medicaid reimbursement is already received for outpatient and partial care services through the DMAHS appropriations. Federal Financial Participation represents about $27.7M or 50% of the total cost of this program in FY 2007. The DCBHS combined appropriation of $12.4 million represents state funding that is applied only after all other revenue sources are exhausted, including, private insurance, Medicaid/FamilyCare coverage, local or county grants, or self-pay mechanisms. The appropriation represents the total anticipated state funding beyond projected revenues, up to the contract ceiling for each provider.

17. The various child behavioral health programs were intended, in part, to reduce admissions to expensive inpatient psychiatric hospitals known as the Children's Crisis Intervention System (CCIS).

In FY 2006, there were over 4,450 admissions to CCIS programs, including 260 from Care Management Organizations which provide the most intensive services to children.

- ***Question:*** **In FY 2007, how many admissions were there to CCIS programs? How many admissions came from CMOs?**

In FY 2007 there were approximately 4316 admissions to CCIS units across the state, representing a 3.5% reduction in CCIS admissions, only the second year-over-year reduction in CCIS admissions in the past ten years, and about double the previous reduction.

There were approximately 280 admissions for children active with CMO. This increase is attributable to the increase in access to CMOs over the course of the two years in question. The last three CMOs became operational mid-way though FY 2006 and were not operating with full caseloads until early in FY 2007.

18. The department had been expected to release a Request for Proposal towards the end of 2007 for Contracted Systems Administrator services. Value Options currently handles this function.

- ***Question:*** **What is the status of the RFP for Contracted System Administrator services?**

DCF is nearly complete in the drafting and approval of the RFP. The RFP must also be reviewed and approved by the Department of Treasury, Division of Purchase and Property, the Office of Information Technology, and the Attorney General's Office, prior to being released. We are currently projecting the RFP will be released in late-Spring 2008.

19. During hearings on the FY 2008 budget, legislators questioned certain expenditures of the Family Support Organizations (FSOs) and the extent to which the department audited and monitored FSO expenditures as to their reasonableness.

- ***Question:*** **What audits of FSOs did the department conduct? As a result of such audits, how much, if any, funds were recouped from FSOs?**

In FY 2007, the DCBHS requested four audits of Family Support Organizations. FSO of Essex County received a clean audit report. The NJ Alliance of FSO audit revealed reportable conditions that were addressed by agency management with compliance verified by DCBHS contract administrators. FSO of Mercer County had some instances of noncompliance with policy and standards as well as material weaknesses in internal control resulting in their agency contract not being renewed. A closeout audit of Mercer FSO has been requested but is not yet completed. A determination regarding recoupment will be made at the conclusion of the audit.

PREVENTION AND COMMUNITY PARTNERSHIPS

20. The FY 2009 budget recommends $1.6 million for Personal Services. FY 2008 data indicate that expenditures may total $300,000.

- ***Question:*** **Can the FY 2009 recommended appropriation be reduced?**

The expenditures as of pay period 7 in FY 2008 for Personal Services in the Division of Prevention and Community Partnerships total $1.1 million. DCF anticipates utilizing all salary resources in FY 2008 and FY 2009.

21.a. In May 2007, $2.4 million in contracts to eight agencies were awarded to provide "positive parenting and healthy growth and development of infants and children." Services are provided by nurses.

It does not appear that any federal Medicaid reimbursements are anticipated to offset the $2.4 million cost although some of the clients who receive services are Medicaid/NJ FamilyCare eligible. The services provided appear to qualify for Medicaid reimbursement under NJ.A.C.10:77-5.1 et seq.

- ***Question:*** **Is federal Medicaid reimbursement being obtained for the program? If yes, how much? If not, why not?**

Federal Medicaid reimbursement is not yet a viable option for funding of home visitation services. Discussions with NJ Medicaid have taken place during the year and NJ Medicaid is very interested in pursuing federal reimbursement. However, interim federal regulations issued in December 2007 raised a concern about the viability of the preferred reimbursement mechanism, Administrative Case Management (ACM). DCF will continue to work with the Division of Medical Assistance and Health Services toward this goal.

21.b. Under the program, 600 families with "complex health-related or social problems and may present a risk for child abuse or neglect" are to be served. Little information is available as to whether the program's objectives are being met.

- ***Question:*** **How many families have been or are currently receiving services? Of**

the families that have been or are currently receiving services, how many are Medicaid/NJ FamilyCare eligible? Of the families involved in the program, how many reports of abuse or neglect were received before and after involvement in the program?

Eight home visitation programs were funded for the period from July 1, 2007 to June 30, 2008. After completing the mandatory training for each model (Nurse Family Partnership and Healthy Families), these programs are expected to deliver services to a total of 600 families by the end of the fiscal year, June 30, 2008. Direct service delivery began October 2007 and enrollment is essentially on target with 291 families enrolled as of March 1, 2008. We expect these programs to reach the remaining target of 300 families between now and the end of June 2008.

About 50% of women were receiving Medicaid during pregnancy and 68% are enrolled in WIC. Nearly all HV families are Medicaid/NJ FamilyCare eligible.

The majority of families being served in this round of funding are first-time parents and the goal of the home visitation programs is to prevent child abuse and neglect. To date, none of the participating families have needed a referral to DYFS for abuse and neglect. One family was referred to Differential Response for support.

PCP also funded an additional seven home visitation programs this fiscal year. As of December 31, 2007, we were serving a total of 2,128 families through all our home visitation programs.

22. During 2007, $4.0 million in contracts were awarded to 20 organizations to operate "neighborhood-based family success centers." Information as to the number of children and families served by these centers and the extent to which the programs are being monitored fiscally and programmatically is limited.

- ***Question:*** **How many children and families have been served at each of these centers during FY 2008, to date? To what extent are these programs being monitored programmatically and fiscally? How many agencies have been or are in the process of being terminated due to program or fiscal problems?**

Family Success Centers began operations on October 1, 2007. During their first quarter, 3,042 families were served. Centers are monitored by a DCF Division of Prevention and Community Partnerships (DPCP) Regional Liaison who meets with centers monthly. In addition, centers have to submit regular reports on their program level of service, parent/community advisory board, collaboration and partnership list and parent/community leadership assessment. DPCP recently funded a statewide training and technical assistance provider who will build the capacity of Family Success Centers to respond to families in a strength-based positive way and to promote partnerships between organizations that historically may not have worked effectively together to meet families' multiple needs. In addition, the training and technical assistance provider will assist centers who are deemed as requiring corrective action for any type of fiscal or programmatic issue. To date, no center has been given a corrective action or termination notice.

Additionally, meetings were set up with all of the providers of the Family Success Centers to review their contracts. These meetings were held in an effort to reinforce the expectations of the Centers and to insure that their budgets met the needs of the deliverables for the families they were to serve. The contracts are assigned to a Contract Administrator who is available for technical assistance around the fiscal issues of the contract. Each provider has to report expenditures on a quarterly basis and these expenditure reports are reviewed by DPCP contract staff. Any concerns are brought to the attention of the provider and if necessary, a corrective action plan is requested from the agency.

23. A $233,000 contract was awarded to train physicians to prevent and recognize child abuse and neglect among their patients. This program is known as EPIC-SCAN,

- ***Question:*** **Under the program, how many physicians received training? How many cases of abuse and neglect have these physicians reported compared to before the training was provided?**

In April 2007, DCF renewed funding to the New Jersey Pediatric Council on Research and Education's (NJ PCORE)[1] Educating Physicians in their Communities (EPIC) programs and intends to continue funding the program in FY09. EPIC programs focus on "office-based interventions to help primary care providers and staff better recognize signs of child abuse and neglect among patients, such as the prevention of Shaken Baby Syndrome.

NJ PCORE convened a Leadership Group, consisting of representatives from DCF, the medical community, and state-wide advocacy organizations, with responsibility to identify targeted areas to recruit practices and hospital emergency departments. The group decided to focus its training to private practices in one county but to train emergency departments around the State. The group ultimately decided to focus its training efforts for private practices in Cumberland County for two reasons: 1) the county historically ranks in the bottom of New Jersey's counties in child welfare indicators; and 2) DCF began piloting two new initiatives, Family Success Centers and Differential Response, in Cumberland County, both of which provide referral resources for health providers treating families whose children are at risk of abuse and neglect.

As of March 2008, SCAN training has been completed at six pediatric practices in Cumberland County. To date, 32 medical professionals and staff have attended training. Two additional pediatric practices are scheduled for training in April and

[1] NJ PCORE is a foundation of the American Academy of Pediatrics, New Jersey Chapter.

June 2008. PCORE is compiling its findings from the pre- and post-questionnaires administered to the first 32 attendees.

PCORE has trainings scheduled at six emergency departments state-wide from April through June 2008 and is working to schedule a training at a seventh site.

24. Approximately $7.0 million is available for "differential response" programs in six counties. The programs attempt to provide various services to children and families to prevent abuse and neglect.

It is likely that some number of the children and families referred to the differential response programs may already receive services from county welfare agencies, the Medicaid program, and even from other programs funded by the department.

- ***Question:*** **To date, how many children/families have received services? What services have been provided and at what cost? What controls are in place to assure that the programs do not provide services that are available from other governmental or private agencies?**

Please note that the $7 million allocation referenced in the above statement is the recommended FY 2009 appropriation and is not available to provide services to families in FY 2008. It includes the annualization of a planned program expansion to two additional counties—Middlesex and Union—to occur before the end of this fiscal year.

Differential Response (DR) has served a total of 330 families—141 families in Camden County and 189 families in Cumberland/Gloucester/Salem Counties—at a cost of approximately $2 million through March 2008. The four major assistance categories are: medical/psychiatric/behavioral; drug/alcohol treatment services; domestic violence services; and financial emergency assistance. DR agencies have provided to families in need, emergency financial assistance for homelessness prevention such as back rent payments, utilities, and other basic needs.

A core requirement of the Differential Response model is that the DR agencies will work to ensure that publicly funded entitlements, benefits and services are maximized on behalf of families before DR resources are used. DR family workers for example, ensure that benefits provided through the county board of social services and other existing publicly funded community resources are secured and coordinated for eligible DR families. Many of the families have been characterized as working poor and not eligible for many public entitlements.

OFFICE OF EDUCATION

25. 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 operating deficits in FY 2008 and possibly in FY 2009.

- ***Question:*** **Will the office have a deficit in FY 2008? Are the FY 2009 rates proposed by DOE adequate? If not, what is the projected FY 2009 shortfall?**

FY 2008—The OOE projected a structural deficit of $3.9 million based on the State Facility Education Act funding levels. Prior to the start of FY 2008 the OOE identified cost savings and efficiencies totaling $2 million, resulting in a shortfall of $1.9 million. Further cost savings and efficiencies have since been identified such as only filling direct service positions, deferring some maintenance projects, and working aggressively to manage within our appropriation. As a result, the OOE does not project a deficit in FY 2008.

FY 2009—The OOE will cover costs through savings initiatives.

CHILD WELFARE TRAINING ACADEMY

26. The FY 2009 budget recommends $3.3 million for Personal Services. FY 2008 expenditures are estimated at about $0.8 million.

- ***Question:*** **Can the FY 2009 recommended appropriation be reduced?**

Expenditures as of pay period 7 in FY 2008 for Personal Services in the Training Academy, total over $2.2 million. DCF anticipates utilizing all salary resources in FY 2008 and FY 2009.

27.a. Under the New Jersey Partnership for Public Child Welfare, the department contracts with Rutgers to provide specialized training for workers and foster families. Subcontracts have been awarded to three State colleges and universities.

Available information is that the contract includes over $400,000 for consulting services.

- ***Question:*** **What consulting services are being provided? Who has been awarded the consulting contracts?**

The funds are not actually for consulting services, rather DCF contracts with Rutgers University to provide training delivery through the New Jersey Partnership for Public Child Welfare. Rutgers, as the lead agency, subcontracts with Montclair State University and Richard Stockton State College. A total of 35 trainers across the three higher learning institutions train child protective services workers on: the new Case Practice Model (CPM); working with youth at the DYFS Residential Centers; and on Concurrent Planning for staff who are working with children with a permanency goal of adoption. Trainers are paid for training delivery, instruction preparation, grading, entering daily attendance and test grades on the DCF Child Welfare Training Academy web site, and returning all necessary documentation to their contracted school.

27.b. The contract's deliverables include over 1,000 trainings and nearly 1,000 classes.

- ***Question:*** **Are the contract's deliverables being met? If not, is funding being withheld pending delivery of these services?**

Yes, the contract deliverables are being met. Since the statewide training began in January 2008 there have been 378 trainings held, with more than 2,300 staff trained on the first module of the Case Practice Model.

28.a. The FY 2008 appropriations act provided $1.7 million for Services Other Than Personal, primarily for consulting services. Projected expenditures are about $600,000.

- ***Question:*** **What individuals or organizations have been awarded contracts?**

Below are the individuals or organizations that have been awarded contracts from the FY 2008 Services Other Than Personal (SOTP) fund:

NJ Coalition for Battered Women (Domestic Violence Training)

Montclair State University (Child Advocacy Certificate)

Richard J. Stockton College (Baccalaureate in Child Welfare Education Program)

In addition to the above contracted services, the SOTP fund supports a number of other workforce development initiatives and support needs, including the following:

- HRDI
- Tuition Reimbursement
- Career Ladders
- Library Materials and Training Assessment Tools and Resources

28.b. The FY 2009 budget recommends $1.4 million for Services Other Than Personal.

- ***Question:*** **As FY 2008 projected expenditures are about $0.6 million, can the recommended appropriation be reduced?**

The $1.4 million recommended for this account in FY 2009 includes a reduction of $300,000 from the FY 2008 appropriation. Any further reduction would negatively impact our ability to provide critical workforce development initiatives.

SAFETY AND SECURITY SERVICES

29. Recommended appropriations for the program are unchanged at $4.6 million. As of this writing, no funds have been expended.

- ***Question:*** **Can the FY 2009 recommended appropriation be reduced?**

These funds are appropriated to support safety and security services for our staff in our 47 local offices throughout New Jersey and at the three residential treatment centers we operate. DCF has executed an agreement with the Department of Human Services to provide these essential services through its Human Services Police force. In FY 2007, DCF was billed $5.3 million for these services. We anticipate expending these funds in the fourth quarter of FY 2008. The department cannot support an adequate level of security services with a reduction in this FY 2009 appropriation.

ADMINISTRATION AND SUPPORT SERVICES

30. The Center for the Study of Social Policy prepares and submits monitoring reports to the federal court as part of the State's modified settlement agreement.

- ***Question:*** **What is the cost of the services provided by the Center for the Study of Social Policy? Are the center's costs monitored for reasonableness? For example, are hotel/motel costs reimbursed at the rate charged to government agencies as opposed to the higher non-government rate?**

In FY 2007, the monitoring costs by the Center for the Study of Social Policy were $503,579. In FY 2008, the contract was budgeted for $586,529. Payments through the January 2008 billing were $152,702. We believe the costs have been reasonable.

31.a. NJ Spirit/SACWIS is being developed by CGI Technologies, The contract with CGI is scheduled to end July 11, 2008, unless extended.

Various reports indicate that a significant number of issues and problems related to NJ Spirit were outstanding at the beginning of 2008. Whether all these issues and any new issues that are identified prior to July 2008 can be resolved before July 11th is unclear.

- ***Question:*** **What are CGI's responsibilities to correct any unresolved issues after the contract ends on July 11, 2008?**

The President of CGI testified before the Assembly Budget Committee last year that CGI would complete all of its contractual responsibilities without regard to the contractual end date. DCF, OIT, and the Office of Attorney General have held CGI to that commitment, which CGI has reaffirmed in writing. As a result, CGI has acknowledged that it is responsible to complete unresolved work, regardless of whether that work is completed before or after July 11, 2008. The contract has been amended to extend the end date, at no cost, in order for CGI to complete the remaining required work.

31.b. The department filed various complaints against CGI for project delays related to NJ Spirit and withheld payments to CGI pending resolution of these complaints.

- ***Question:*** **What is the status of the various complaints filed against CGI? How much, if any, monies are currently withheld from CGI at present?**

In November 2006, DCF filed a Formal Complaint Report with the Department of the Treasury alleging that CGI had not delivered timely under the contract. In addition, DCF withheld a significant amount of money pending CGI's satisfactory completion of certain deliverables. On April 4, 2008, DCF and the Office of the Attorney General, with the assistance and support of OIT and the Division of Purchase and Property, reached an agreement with CGI regarding the resolution of all outstanding claims between CGI and the State. We have an outstanding balance of $4.3 million that will be remitted to CGI as the remaining deliverables are successfully completed.

31,c Ongoing operational and maintenance costs of NJ Spirit, post implementation, have yet to be determined.

- ***Question:*** **Has it been determined what such costs are and whether the State or an outside vendor will be responsible for operational matters?**

In an information technology application of this magnitude, as noted by OIT and DCF's Verification, Validation, and Testing vendor, BearingPoint, the State must make provision for the ongoing operational maintenance and support of the application. After consultation with OIT and BearingPoint, it is clear that the only vendor currently capable of providing this service at this time is CGI. As a result, DCF, OIT, and the Office of the Attorney General negotiated an agreement for the vendor to provide this service in a way that allows for the transition of maintenance and support responsibility to state employees. The agreement is based on staffing levels dictated by the State and hourly rates that are consistent with those charged to state government. The approximate cost is $4.1 million annually. DCF is in the process of identifying cost savings associated with our legacy information technology systems and our shared information technology costs with the Department of Human Services to offset these ongoing expenses. We are complying with all procedures and approvals required by the Department of the Treasury for budgeting and procurement of equipment, maintenance, and software for information technology systems such as NJ SPIRIT.

31.d. Proposed federal rules, January 2008, concerning the Adoption and Foster Care Analysis and Reporting System (AFCARS) will require the collection of additional data on children in out-of-home placement and the collection of data on children for whom no federal reimbursement is claimed. It is likely that states will incur additional costs to modify their data processing systems, irrespective of whether federal rules are modified to reduce the financial burden on states.

- ***Question:*** **Based on the January 2008 AFCARS rules, what modifications will be required for NJ Spirit? What additional costs will the State incur for such modifications?**

As noted, these were proposed regulations that were made available for comment. During the month of February, New Jersey participated in numerous conference calls with other states from across the country as well as national child advocacy and public welfare organizations to discuss these proposed regulations which the federal Administration for Children and Families (ACF) began working on in 2004. The consensus was that significant portions of the proposed regulations were excessive; would require considerable time and funding to implement; and also were in conflict with other statutes. The regulations failed to recognize activities in both the child welfare and SACWIS systems that have occurred in the past four years. Over 70 comments—40 from state or county child welfare administrators—were received by ACF in response to the announcement. The conclusion among the states and some major advocacy groups is the regulations as proposed present an unnecessary burden in terms of casework, fiscal costs and require extensive lead time for planning and implementation.

It is not anticipated that these regulations will be adopted in their current format or in 2008. It is premature to try and ascertain what the future nature of the final version of these regulations will be or to plan for their implementation. All parties agree that several years of lead time will be necessary once the regulations are finalized. They also may be phased in over time.

New Jersey SPIRIT (NJS) could currently meet some of the proposed changes. Others would require changes to our system, both minor and major, that would be handled by state staff as part of the knowledge transfer process with CGI under the maintenance and support agreement. As we do maintenance work to NJS, we will keep these proposed changes in mind. However, no additional costs for modifications related to these proposed regulations are anticipated for SFY 2009.

31.e. Available information indicate that of the $9.6 million in funds available for the SACWIS program in FY 2008, $4.0 million has been placed in "reserve" and is not available for expenditure.

- ***Question:*** **What is the status of the $4.0 million in funds that are in "reserve"?**

The $4.0 million has been placed in reserve by the Office of Management and Budget pending a request by the Department of Children and Families for the release of those funds as necessary. DCF is currently analyzing the overall final project budget but we do not anticipate needing these reserve dollars.

31.f. Budget language requires the department to submit a program status report on the project in September 2007 and March 2008. As of this writing, the March 2008 report has not been submitted.

- ***Question:*** **What is the status of the March 2008 report?**

The March 2008 report has been submitted in accordance with the provisions of the FY 2008 budget language.