



ANALYSIS OF THE NEW JERSEY BUDGET

**DEPARTMENT OF
CHILDREN AND FAMILIES**

FISCAL YEAR

2009 - 2010

NEW JERSEY STATE LEGISLATURE

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DEPARTMENT OF CHILDREN AND FAMILIES

Budget Pages..... C-4, C-11, C-18, D-31 to D-43.

Fiscal Summary (\$000)

	Expended FY 2008	Adjusted Appropriation FY 2009	Recommended FY 2010	Percent Change 2009-10
State Budgeted	\$1,046,864	\$1,089,292	\$1,092,294	0.3%
Federal	365,537	397,783	434,445	9.2%
<u>Other</u>	<u>57,559</u>	<u>57,824</u>	<u>\$53,650</u>	<u>(7.2%)</u>
Grand Total	\$1,469,960	\$1,544,899	\$1,580,389	2.3%

Personnel Summary - Positions By Funding Source

	Actual FY 2008	Revised FY 2009	Funded FY 2010	Percent Change 2008-10
State	5,143	4,995	5,036	0.8%
Federal	1,394	1,475	1,580	7.1%
<u>Other</u>	<u>457</u>	<u>448</u>	<u>453</u>	<u>1.1%</u>
Total Positions	6,994	6,918	7,069	2.2%

Actual payroll counts are reported for fiscal years 2008 as of December and revised fiscal year 2009 as of January. The Budget Estimate for fiscal year 2010 reflects the number of positions funded.

Key Points

- **Direct State Services.** **General Fund** appropriations decrease by \$6.8 million, from \$334.7 million to \$327.9 million.

Recommended appropriations for the following programs are unchanged from FY 2009 levels: Child Behavioral Health Services (\$1.2 million), Child Welfare Training Academy Services and Operations (\$8.2 million) and Safety and Security Services (\$4.5 million).

Recommended appropriations for the following programs are **reduced** as follows:

Child Protective and Permanency Services, \$1.3 million, to \$255.1 million;
Prevention and Community Partnership Services, \$0.2 million, to \$1.9 million;
Education Services, \$4.0 million, to \$6.2 million; and
Administration and Support Services, \$1.2 million, to \$50.8 million.

Of note, the \$4.0 million reduction in the Education Services program is related to the closing of the 18 regional day schools operated by the department beginning in late FY 2009.

Key Points (Cont'd)

Overall Personal Services appropriations increase by \$13.7 million, to \$460.6 million (gross). The total number of funded positions increases by over 150, to nearly 7,070. Most of the increase in the number of funded positions will be in the Child Protective and Permanency Services program.

- **Grants-in-Aid. General Fund** appropriations increase by \$9.5 million, from \$754.6 million to \$764.1 million, as follows

Child Protective and Permanency Services. General Fund appropriations increase by \$41.8 million, to \$458.4 million. Much of the increase is in the Foster Care, Subsidized Adoption and Family Support Services programs.

Child Behavioral Health Services and Prevention and Community Partnership Services. General Fund appropriations for the two programs are reduced by \$31.5 million and \$0.8 million, respectively. Most of the reduction is in the Treatment Homes and Emergency Behavioral Health Services program and is offset, in part, by a \$12.2 million increase in **Federal Funds**.

- **Capital Construction** funds of \$240,000 million are recommended for Emergency Generators-Regional Treatment Centers.
- **Federal Funds** increase \$36.7 million, to \$434.4 million. **Federal Funds** for the Child Protective and Permanency Services program will increase \$24.3 million and **Federal Funds** in the Child Behavioral Health Services program will increase by \$11.0 million. Most of the increase is attributable to \$29.4 million in additional Title IV-E (Foster Care) and Title XIX (Medicaid) funds made available through the American Recovery and Reinvestment Act.
- **Other Funds** decrease \$4.2 million, to \$53.7 million, primarily due to a reduction in the Education Services program which will phase out the regional day schools.

Background Paper:

- Executive Director Salaries at Contract Agencies.....p. 18.
- DYFS Statistical Information.....p. 21.

Fiscal and Personnel Summary

AGENCY FUNDING BY SOURCE OF FUNDS (\$000)

	Expended FY 2008	Adj. Approp. FY 2009	Recom. FY 2010	Percent Change	
				2008-10	2009-10
<u>General Fund</u>					
Direct State Services	\$327,709	\$334,686	\$327,936	0.1%	(2.0%)
Grants-In-Aid	713,941	754,606	764,118	7.0%	1.3%
State Aid	0	0	0	0.0%	0.0%
Capital Construction	5,214	(a)	240	(95.4%)	0.0%
Debt Service	0	0	0	0.0%	0.0%
Sub-Total	\$1,046,864	\$1,089,292	\$1,092,294	4.3%	0.3%
<u>Property Tax Relief Fund</u>					
Direct State Services	\$0	\$0	\$0	0.0%	0.0%
Grants-In-Aid	0	0	0	0.0%	0.0%
State Aid	0	0	0	0.0%	0.0%
Sub-Total	\$0	\$0	\$0	0.0%	0.0%
Casino Revenue Fund	\$0	\$0	\$0	0.0%	0.0%
Casino Control Fund	\$0	\$0	\$0	0.0%	0.0%
State Total	\$1,046,864	\$1,089,292	\$1,092,294	4.3%	0.3%
Federal Funds	\$365,537	\$397,783	\$434,445	18.9%	9.2%
Other Funds	\$57,559	\$57,824	\$53,650	(6.8%)	(7.2%)
Grand Total	\$1,469,960	\$1,544,899	\$1,580,389	7.5%	2.3%

(a) Does not include \$175,000 in capital funds for improvements at Ewing Residential Center included in the Long Term Obligation and Capital Expenditure Reserve account.

PERSONNEL SUMMARY - POSITIONS BY FUNDING SOURCE

	Actual FY 2008	Revised FY 2009	Funded FY 2010	Percent Change	
				2008-10	2009-10
State	5,143	4,995	5,036	(2.1%)	0.8%
Federal	1,394	1,475	1,580	13.3%	7.1%
All Other	457	448	453	(0.9%)	1.1%
Total Positions	6,994	6,918	7,069	1.1%	2.2%

Actual payroll counts are reported for fiscal years 2008 as of December and revised fiscal year 2009 as of January. The Budget Estimate for fiscal year 2010 reflects the number of positions funded.

AFFIRMATIVE ACTION DATA

Total Minority Percent	61.0%	61.0%	61.0%	---	---
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Significant Changes/New Programs (\$000)

<u>Budget Item</u>	<u>Adj. Approp. FY 2009</u>	<u>Recomm. FY 2010</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
Direct State Services	\$547,733	\$557,165	\$9,432	1.7%	D-39
State	\$334,686	\$327,936	(\$6,750)	(2.0%)	D-39
Federal	\$186,245	\$207,401	\$21,156	11.4%	D-39
Other	\$26,802	\$21,828	(\$4,974)	(18.6%)	D-39

Overall, **Direct State Services** appropriations increase by more than \$9.4 million (gross), as follows:

- Recommended appropriations for Child Behavioral Health Services (\$1.4 million); Child Welfare Training Academy Services and Operations (\$11.1 million); and Safety and Security Services (\$4.5 million) are virtually unchanged from FY 2009 levels.
- Child Protective and Permanency Services. Gross appropriations increase by \$19.8 million, to \$437.8 million. **Federal Funds** are expected to increase by \$21.0 million, to \$182.3 million. **General Fund** appropriations decrease by about \$1.3 million, to \$255.1 million, as funding for Additions, Improvements and Equipment is reduced.
- Prevention and Community Partnership Programs appropriations decrease by \$250,000, to about \$1,860,000, as funding for the New Jersey Safe Haven Infant Protection Act is reduced.
- Education Services appropriations are reduced by \$8.9 million, to \$29.8 million (gross), as the regional day schools operated by the department are to be phased out, beginning in late FY 2009.

General Fund appropriations are reduced by \$4.0 million in FY 2010, including Personal Services (\$2.5 million), Materials and Supplies (\$0.4 million), Services Other Than Personal (\$0.2 million) and Maintenance and Fixed Charges (\$0.9 million).

Other Funds, representing revenues from school districts, decrease by \$5.0 million, to \$21.4 million, and affect the Personal Services account.

Federal Funds are expected to increase by about \$0.1 million, to \$2.1 million, due to additional funds for Personal Services costs.

- Administration and Support Services. Recommended appropriations are reduced by \$1.2 million, from \$71.9 million to \$70.7 million (gross): **General Fund** appropriations are reduced by \$1.2 million, to \$50.8 million, as funds for Additions, Improvements and Equipment are eliminated. **Federal Funds** increase slightly, to \$19.9 million.

Recommended appropriations for Personal Services increase by \$13.7 million, from \$446.9 million (gross) to \$460.6 million (gross), as additional **Federal Funds** are allocated for such costs.

Significant Changes/New Programs (\$000) (Cont'd)

<u>Budget Item</u>	<u>Adj. Approp. FY 2008</u>	<u>Recomm. FY 2009</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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The total number of funded positions increase by over 150, to about 7,070. Most of the increase in positions is in the Child Protective and Permanency Services program, where the number of staff will increase by 130, to over 5,970 positions. It is noted that though regional day schools operated by Education Services will be phased out beginning June 2009, the number of funded positions in the program increases from 525 to 531. Further, it is not known how many personnel within Education Services will be reassigned to other department programs.

Grants-in-Aid	<u>\$997,166</u>	<u>\$1,022,984</u>	<u>\$25,818</u>	<u>2.6%</u>	D-40
State	\$754,606	\$764,118	\$9,512	1.3%	D-40
Federal	\$211,538	\$227,044	\$15,506	7.3%	D-40
Other	\$31,022	\$31,822	\$800	2.6%	D-40

Grants-in-Aid appropriations increase \$25.8 million, to \$1.023 billion (gross) and incorporates: \$29.4 million in enhanced federal funds for Title IV-E and Title XIX (Medicaid) made available by the American Recovery and Reinvestment Act and \$7.0 million in under-spending within the Child Behavioral Health Services program.

- Child Protective and Permanency Services. Overall appropriations of \$520.7 million (gross) represents a \$45.1 million increase as follows: **General Funds** - \$41.8 million and **Federal Funds** - \$3.3 million.

An additional \$49.0 million in **General Funds** is recommended for the following grants accounts: Independent Living and Shelter Care - \$0.4 million; Residential Placements - \$2.1 million; Family Support Services - \$15.6 million; Foster Care - \$9.3 million; Subsidized Adoption - \$12.6 million; and Child Health Units (\$9.0 million).

Offsetting the above increases, recommended **General Fund** appropriations are reduced \$7.2 million for the following grants: Substance Abuse Services - \$1.0 million; Court Appointed Special Advocates - \$0.3 million; Group Homes - \$2.3 million; Treatment Homes - \$2.0 million; and Purchase of Social Services - \$1.6 million.

Though limited information is provided regarding increases or reductions in the various grant accounts, the following is noted:

Independent Living. The number of children who receive services and the average cost of providing those services are expected to increase.

Group Homes and Treatment Homes. The number of children in such placements will be reduced from 210 to 137. The number of Residential Placements is expected to

Significant Changes/New Programs (\$000) (Cont'd)

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2008</u>	<u>Recomm.</u> <u>FY 2009</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
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increase from 142 to 154, and the average cost of such placements is expected to increase by over \$4,400 per placement, to \$126,400.

Foster Care placements are expected to decrease by about 350, from 9,520 to nearly 9,170, and the average cost per placement is expected to increase from over \$11,900 to \$12,500.

Subsidized Adoptions placements are expected to increase by nearly 1,350, to 12,960, and the per capita cost of such placements is expected to increase 2.6%, to nearly \$8,500.

- Child Behavioral Health Services. Overall appropriations of \$399.1 million (gross) decrease by \$20.5 million as follows: **General Fund** are reduced by \$31.5 million, to \$244.3 million, while **Federal Funds** are expected to increase by \$11.0 million, to \$154.8 million.

Gross appropriations for Treatment Homes and Emergency Behavioral Health Services appropriations decrease \$20.0 million, to \$239.8 million. **General Fund** appropriations are reduced by \$31.0 million, to \$124.6 million, and are offset by an \$11.0 million increase in **Federal Funds**. Information is not available regarding this overall reduction.

Family Support Organizations appropriations are reduced by \$335,000, to about \$6,960,000 (gross).

Youth Incentive Program appropriations are reduced by about \$150,000, to over \$7.9 million.

While no information has been provided regarding the above reductions, funding for the Youth Incentive Program may have been reduced because in FY 2008 program expenditures totaled \$5.9 million.

- Prevention and Community Partnership Services. Overall appropriations increase by \$450,000, to \$74.1 million (gross), as follows: **General Fund** appropriations are reduced by \$0.8 million, to \$61.4 million, and Federal Funds increase by over \$1.2 million, to about \$12.5 million.

Family Support Services appropriations are reduced by \$0.4 million, to \$17.4 million. (gross), due to a \$0.4 million reduction in **General Fund** appropriations.

Domestic Violence Prevention Services appropriations are reduced \$0.4 million, to \$14.3 million. About \$0.1 million of the reduction is related to a reduction in the amount of revenues realized by the Marriage and Civil Union License Fee Fund: in FY 2009, it had initially been estimated that \$1,309,000 in revenues would be generated; revised FY 2009 and estimated FY 2010 revenues are now estimated at \$1,260,000.

Significant Changes/New Programs (\$000) (Cont'd)

<u>Budget Item</u>	<u>Adj. Approp. FY 2008</u>	<u>Recomm. FY 2009</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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No information is provided regarding the reductions in the Family Support Services or Domestic Violence Prevention Services programs.

Offsetting the \$0.8 million reduction in **General Fund** appropriations, **Federal Funds** are expected to increase to \$1,250,000, to \$12.5 million, as additional funds are anticipated for Community Based Child Abuse Prevention program. It may be possible to use some portion of the increase in Community Based Child Abuse Prevention program funds to offset reductions in Family Support Services and Domestic Violence Prevention Services.

- Education Services grant funds increase by \$0.8 million, to approximately \$28.3 million. These monies, classified as **Other Funds**, represent reimbursement from school districts for education services. It is not known why such expenditures would increase as the services are to be phased down beginning June 2009.

Capital Construction	\$0	\$240	\$240	n.a.	D-41
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Funding is recommended for "emergency generators" at the three State-operated residential treatment centers. Though no information is available regarding this appropriation, the monies may be needed to address licensing or accreditation concerns.

Language Provisions

2009 Appropriations Handbook

p. B-15.

Of the amount hereinabove appropriated for Safety and Permanency in the Courts, an amount not to exceed **\$8,688,000** shall be transferred to the Department of Law and Public Safety and is appropriated for legal services implementing the approved child welfare settlement with the federal court, subject to the approval of the Director of the Division of Budget and Accounting.

2010 Budget Recommendations

p.D-42.

Similar language, except that the amount to be transferred is increased to **\$10,845,000**.

Explanation

The amount to be transferred to the Department of Law and Public Safety for legal services related to child welfare reform activities is increased from about \$8.7 million to over \$10.8 million.

2009 Appropriations Handbook

p. B-17.

Any change by the Department of Children and Families in the rates paid for foster care and adoption subsidy programs from the sums hereinabove appropriated for Foster Care and Subsidized Adoption, other than an adjustment based on Cost of Living, shall be approved by the Director of the Division of Budget and Accounting.

2010 Budget Recommendations

p. D-42.

Similar language except that the phrase "**other than an adjustment based on Cost of Living,**" is deleted.

Explanation

As the FY 2010 recommended budget does not provide funds for a Cost of Living adjustment to provider agencies under contract to the department, the language concerning cost of living is not necessary and is eliminated. Should the department attempt to increase rates for these services, it would be required to obtain approval for such an increase. It is not known whether the department will attempt to increase reimbursement rates for foster care and adoption subsidy programs.

Language Provisions (Cont'd)

2009 Appropriations Handbook

p. B-17.

Of the amount hereinabove appropriated for the Domestic Violence Prevention Services, **\$1,309,000** is payable out of the Marriage and Civil Union License Fee Fund. If receipts to that fund are less than anticipated, the appropriation shall be reduced by the amount of the shortfall.

2010 Budget Recommendations

p. D-43.

Similar language except that the amount has been reduced to **\$1,206,000**.

Explanation

Lower revenues are expected to be realized from the Marriage and Civil Union License Fee Fund, so the amount referenced is reduced by about \$0.1 million, to \$1,206,000. It is noted that recommended appropriations for the Domestic Violence Prevention Services program is reduced from \$14.8 million to \$14.4 million.

Discussion Points

DEPARTMENT OF CHILDREN AND FAMILIES (GENERAL)

The first three questions were previously provided to all State agencies by the Legislative Budget and Finance Officer and are reproduced in their entirety below.

1. The Governor's budget incorporates an estimated \$5.183 billion over two fiscal years in federal stimulus funding provided by the American Recovery and Reinvestment Act (ARRA) of 2009. According to a table on page 42 of the Governor's abbreviated budget, the State will use \$3.074 billion (\$854 million in FY09 and \$2.220 billion in FY10) from ARRA for budget relief. In addition to these funds which will offset revenue shortfalls, \$2.109 billion will be used for new or expanded programs or initiatives. The ARRA allocates funds to states both by formula and by competitive awards. Most executive departments anticipate stimulus funding in either FY 2009, FY 2010 or both.

- **Question:** Please itemize the federal stimulus funding, if any, other than portions of the \$3.074 billion allocated for budget relief, included in the department's budget, by fiscal year and federal program, setting forth program goals and eligible uses together with the amount for state administrative expenses and the amount for allocation to local public and private recipients, respectively. Please identify intended and actual recipients and the process by which the department determines recipients and funding awards. Are there ARRA funds that flow through your department for which the State has no discretion? Please also set forth the timetable for obtaining federal approval of funding, obligation and allocation of funding to recipients, and use by recipients. Could any of this funding be used to offset other State appropriations, and if so, what programs and in what amount? What additional positions, if any, have been and will be hired with these funds? If this money is being used for new or expanded activities, will the new or expanded activities be continued in FY 2011? If so, how will they be funded?
- **Question:** In addition to funding incorporated in the FY 2010 budget, what specific competitive grant opportunities has the department identified that it is eligible to pursue, has applied for, and has been awarded, respectively?

2. Over the past several years, the overall staffing level in the executive branch has been reduced through restrictions on hiring and an early retirement program. The FY 2010 budget proposal envisions continuation of the hiring restrictions coupled with possible furloughs or further reductions in positions.

- **Question:** How has the reduction in staffing affected your department? What strategies has the department employed to deal with staff reductions? What projects, work products or functions has the department discontinued or deferred because of staffing levels? Will the department be able to accommodate furloughs in FY 2010 without increasing spending for overtime?

3. The FY 2009 appropriations act anticipated that \$25 million in procurement savings would be achieved by executive departments. A chart on page 75 of the Budget in Brief categorizes those savings and indicates they will continue into FY 2010. The FY 2010 budget includes another \$25 million from procurement savings (Budget in Brief, Appendix I, page 8).

Discussion Points (Cont'd)

- **Question:** Please indicate the FY 2009 amount of procurement savings achieved by your department, by the categories set forth in the referenced table, and the sources of those savings by department program. What is the annual amount of these savings as continued into FY 2010? How have these reductions affected the department? What projects, work products or functions has the department discontinued or deferred in order to achieve these savings?

4. The two Legislative budget committees have expressed concern over the years regarding the compensation of Executive Directors at non-profit agencies under contract to the department. Most, if not all, of the monies received by non-profit agencies are public funds such as State and federal grants, or Medicaid or Medicare reimbursements.

As described in a Background Paper there is a wide disparity in salaries paid to Executive Directors of non-profit agencies within the same budget range or within the same geographic area. While as private organizations the board of directors of the individual non-profit agency sets compensation levels, the State can disallow and deny reimbursement for compensation deemed excessive.

- **Question:** Has the department ever disallowed compensation deemed excessive?

5. The FY 2010 recommended budget assumes \$2.9 million in "contract efficiencies."

- **Question:** What specific "contract efficiencies" will be implemented to save \$2.9 million?

6. Personnel data for the department indicate that the total number of funded positions will increase as follows:

	<u>FY 2009</u>	<u>FY 2010</u>
State	4,995	5,036
Federal	1,475	1,580
All Other	488	453
TOTAL	6,918	7,069

Despite the phase-out of regional day school operations of Education Services, the number of funded positions within the department is expected to increase by about 150, to nearly 7,070 positions, and the number of funded positions within Education Services is expected to increase from 525 to 531.

- **Questions:** For each division or program, e.g., Child Protective and Permanency Services, Child Behavioral Health Services, etc., provide a personnel breakdown of State, Federal and All Other positions for the FY 2008 – FY2010 period.

7. The department leases the 4th, 5th and 7th floors in Capitol Center in Trenton. A fair amount of the leased space is vacant.

- **Questions:** What is being done to either have other units of the department occupy the space as existing leases expire or to make the space available to other State agencies in an effort to reduce lease/rental costs?

Discussion Points (Cont'd)

8. The FY 2009 Adjusted Appropriation reflects supplemental appropriations of \$17.6 million, as follows: Foster Care - \$1.7 million; Subsidized Adoptions - \$2.3 million; and Treatment Homes and Emergency Behavioral Health Services - \$13.6 million.

- **Question:** What does each particular supplemental appropriation represent?

9.a. NJ Spirit produces various financial and statistical reports on caseloads, demographics, expenditures, etc. Such reports provide aggregate data and do not contain client specific confidential information.

- **Question:** Please provide copies of all financial and statistical reports currently produced by NJ Spirit.

9.b. FY 2009 budget language requires the submission of a report on the State Automated Child Welfare Information System to be submitted on September 15, 2008 and March 15, 2009. Available information is that the March 15, 2009 report has not been submitted.

- **Question:** What is the status of the March 15, 2009 report?

CHILD PROTECTIVE AND PERMANENCY SERVICES

10. The total number of funded positions in the Child Protective and Permanency Services program (DYFS) is expected to increase by over 130, to nearly 5,975, in FY 2010.

Available caseload data indicate that the number of children and families under DYFS supervision continues to decline: Children – 52,000 est. (Jan. 2008) to 47,160 (Dec. 2008); and Families – 26,400 est. (Jan. 2008) to 23,485 (Dec. 2008). This caseload reduction suggests a need for less DYFS staff, rather than an increase in staff.

- **Question:** In view of the reduction in the number of children and families under DYFS supervision, can the number of funded positions in FY 2010 be reduced?

11. The FY 2009 appropriations act provided about \$7.0 million for overtime costs. As the overall number of children and families under DYFS supervision has decreased, one might expect a corresponding reduction in overtime expenditures.

- **Questions:** What is the current estimate of FY 2009 overtime expenditures? What amount is included in the FY 2010 recommended appropriation for overtime?

12.a. As part of the original Child Welfare Reform Plan in 2004, monies were requested to provide additional staff to the child care licensing unit to address an increase in the number of child care centers that required licensing.

Available information is that there are fewer than 30 staff to inspect over 4,200 child care centers and to respond to complaints.

- **Questions:** How many child care licensing staff were employed in FY 2004/FY 2005, when funding for Child Welfare Reform was first implemented, compared to the number of licensing staff currently employed?

Discussion Points (Cont'd)

12.b. The three-year license fee for child care centers has not been increased in many years. The fee currently is \$110 to \$250, depending on a center's capacity. Further, the current licensing fee is not proportionate to center size in that a child care center with a licensed capacity of between 6 – 15 children pays \$110, while a center with a licensed capacity of over 180 children pays only \$250.

- **Question:** Should the child care licensing fee be increased to more accurately reflect the cost of licensing activities, and graduated based on the capacity of the center?

13. The table below indicates DYFS Family Support Services expenditures in FY 2009 and FY 2010:

Service	FY 2009 Revised	FY 2010 Estimate	% Change
Emergency Services	\$2.9 million	\$3.4 million	17.6%
Case Management Services	\$9.5 million	\$11.2 million	17.9%
Assessment Services	\$45.8 million	\$54.5 million	19.0%
Parent Services	\$29.8 million	\$34.5 million	15.8%
TOTAL	\$88.1 million	\$103.7 million	17.8%

No information is provided to explain expenditures increases of 15.8% to 19.0%, particularly as the number of children and families who receive services has declined.

- **Question:** For the FYs 2008, 2009 and 2010 (est.) period, how many children and or families received Emergency Services, Case Management Services, Assessment Services and Parent Services? Please provide documentation that would explain increases of between 15.8% to 19.0% in program costs.

14.a. Substance Abuse Services funding is reduced from \$15.0 million to \$14.0 million. No information is provided regarding this reduction.

- **Question:** What accounts for the funding reduction?

14.b. A significant portion of the Substance Abuse Services funding is transferred to the Division of Addiction Services, through which services are actually provided.

- **Question:** What monitoring and oversight is being provided to assure that the contractual goals are being met as to the number of clients receiving substance abuse services and that client outcomes are being met?

15. The FY 2010 budget recommends \$8.0 million for the County Human Services Advisory Board – Formula Funding. The department has informed counties that funding will either be reduced or terminated effective July 2009.

- **Question:** How much will funding be reduced, effective July 2009?

16.a. Recommended funding for Child Health Units increases from \$19.0 million to \$37.0 million (gross) and assumes \$18.5 million in federal Medicaid reimbursements. The 50% Medicaid reimbursement is based on a Cost Allocation Plan that assumes a Medicaid administrative reimbursement rate of 50%.

Discussion Points (Cont'd)

A 50% Medicaid administrative rate would indicate that 100% of the children who receive Child Health Units are Medicaid eligible. This is not likely as citizenship/residency issues and financial circumstances would disqualify some children from the Medicaid eligibility.

- **Questions:** Has the Cost Allocation Plan been reviewed and approved by the federal government? Please provide documentation that would support a 50% Medicaid administrative reimbursement rate for this service?

16.b. Recommended funding for Child Health Units increases from \$19.0 million (gross) to \$37.0 million (gross). No data are provided to support such an increase.

- **Question:** For FY 2009 and FY 2010 (est.), please provide data on: the number of children receiving services; the number and types of service units being provided; and the cost per unit of service. Further, please provide a copy of the contract with the agency that provides Child Health Units services, the number of full-time equivalent staff the agency provides and contract performance objectives.

16.c. Of the over 47,000 children on the DYFS caseload, a fair number are enrolled in a managed care program through either Medicaid/NJ FamilyCare. The provision of Child Health Units services may duplicate health care services already available to such children through Medicaid/NJ FamilyCare managed care.

- **Question:** What is being done to minimize duplication of Child Health Units services and other medical services a child may be able to obtain from Medicaid/NJ FamilyCare?

17. Recommended appropriations for Court Appointed Special Advocates will be reduced from \$1,150,000 to \$861,000. No information is provided regarding the proposed reduction, and available information is that the entire FY 2009 appropriation has been expended or obligated.

- **Question:** What accounts for the funding reduction in FY 2010?

CHILD BEHAVIORAL HEALTH SERVICES

18. Many Medicaid-related services provided by the department are classified as CSOCI (Children's System of Care Initiative) and expenditures are reported in the A6850R10 report.

Through February 2009, reported CSOCI Medicaid expenditures have increased 12.6%, from \$144.3 million to \$162.4 million. As data on the number of recipients who receive services are not readily available, it is not known whether the increase in Medicaid expenditures is due to an increase in service utilization, rate increases or both.

- **Question:** What accounts for the 12.6% increase in Medicaid CSOCI expenditures?

19.a. A Request for Proposal was issued during October 2008 for a Contracted System Administrator for the Children's System of Care. At present Value Options holds the contract.

Discussion Points (Cont'd)

- **Question:** Please identify the names of the firms that submitted bids. When is a contract expected to be awarded?

19.b. Several years ago the State Medicaid program rebid its NJ FamilyCare eligibility and managed care assistance contract. When the incumbent vendor was not awarded a new contract, it curtailed its work activities and limited its cooperation with the new vendor. As a result, the new vendor confronted significant start-up problems that took up to a year to resolve. The State had limited recourse to penalize the former vendor.

- **Questions:** In the event that Value Options is not awarded a new contract, are provisions of the current contract adequate to assure that Value Options meets contract objectives and assists in the transition to a new vendor?

20. Total funding for partial care/partial hospitalization is unchanged at approximately \$7.1 million (gross). The Medicaid program intends to save \$6.0 million (gross) by requiring prior authorization for such services provided to adults and children.

- **Questions:** Does the partial care/partial hospitalization recommendation take into account savings the Medicaid program intends to achieve through the implementation of prior authorization?

21.a. Funding is provided to the 15 Care Management Organizations (CMOs) for flexible services. These monies are known as "flex funds." The services provided may include services that do not qualify for Medicaid reimbursement, such as "community resource development" or "clothing," or medical services to clients who are not Medicaid/NJFamilyCare eligible.

While the total amount of "flex funds" expended during FY 2008 is known - - approximately \$6.3 million - - a breakdown as to the number of clients served and the number of units of service provided is not available. Therefore, the cost for providing similar services among the various providers may vary significantly.

- **Questions:** Are data available as to the number of clients served and the number of units of service provided in order to determine the reasonableness of the costs for similar services being provided by the various CMOs?

21.b. During FY 2008 and FY 2009, case management services provided by the CMOs and Youth Case Managers programs in several counties were consolidated. Savings were achieved in the area of administration and facility related costs. Additional consolidations may occur during FY 2010.

- **Questions:** With respect to the consolidation of programs in Mercer and Monmouth counties during FY 2009, how much was saved by eliminating duplicative administrative functions and excess facility costs, etc. from each consolidation? Will additional CMOs and Youth Case Managers programs be consolidated during FY 2010?

22. FY 2010 recommended appropriations are reduced for the following programs/activities, as follows: Family Support Organizations - \$335,000 reduction, to

Discussion Points (Cont'd)

approximately \$7.0 million (gross), and Youth Incentive Program - \$143,000 reduction, to \$7.9 million. Information is not available regarding these reductions.

- **Question:** Please provide information as to why funding was reduced and the impact these reductions will have on the two programs.

23. Funding for the Treatment Homes and Emergency Behavioral Health Services is reduced \$20.0 million, to \$239.7 million (gross), due to a reduction in Out-of-Home Treatment Services. No data are available as to what accounts for this reduction.

- **Question:** Please provide information as to what accounts for the \$20.0 million reduction in program costs.

PREVENTION AND COMMUNITY PARTNERSHIP SERVICES

24.a. Recommended appropriations the New Jersey Safe Haven Infant Protection Act is reduced by \$250,000, while appropriations for Family Support Services and Domestic Violence Prevention Services are each reduced by \$400,000.

- **Questions:** Why is funding for these programs reduced? What specific activities will be curtailed or eliminated as a result of the funding reductions?

24.b. Community Based Child Abuse Prevention Programs funding is increased by \$1,250,000 in Federal Funds, to \$2.0 million.

- **Questions:** As the Safe Haven program, Family Support Services and Domestic Violence Prevention Services are part of the overall effort to reduce child abuse, to what extent can the additional federal funds be used to offset funding reductions in these programs?

25. The department had indicated that it was in discussions with the Medicaid program regarding Medicaid reimbursement for Home Visitation programs as the services provided are similar to those authorized by N.J.A.C.10:77-5.1 et seq. (Intensive In-Community Mental Health Rehabilitations Services). Currently 15 programs are funded at a cost of \$4.7 million and no Medicaid reimbursement is obtained for these programs.

- **Questions:** What is the current status of the discussions with the Medicaid program concerning Medicaid reimbursement? Will Medicaid reimbursement be available during FY 2010?

26. Approximately \$0.6 million is provided to five health centers. Federally qualified health centers operate in all 21 counties.

- **Questions:** Which agencies are the recipients of these monies? Can funding be reduced or eliminated as federally qualified health centers already provide such services?

Discussion Points (Cont'd)

EDUCATION SERVICES

27. The FY 2010 recommended budget phases-out the 18 regional day schools operated by the department's Office of Education beginning in late FY 2009.

The department anticipates that all of the children and young adults will receive educational services from their local school districts. However, a fair number of clients are non-ambulatory and have medical conditions that require specialized staff and equipment. To the extent that the cost to a school district exceeds what the school district currently reimburses the State, local property taxes may increase to pay the added cost.

- **Questions:** Of the number of children/young adults who receive education services, how many are: ambulatory and non-ambulatory? How many have medical conditions that require specialized equipment, such as a feeding tube? Have local school districts reviewed the medical conditions of the children to determine whether they can provide such children/young adults with comparable educational services at a cost that is equal to or less than the cost they pay to the State?

28. Personnel data indicate that the number of Education Services positions will increase from 525 to 531 in FY 2010 even though regional day school operations are being phased-out.

- **Questions:** What accounts for the increase in the number of funded positions? To what extent will Education Services employees be permitted to transfer to comparable vacant positions within the department, within other departments, within the various county special services schools or local school districts?

29. The FY 2010 recommended budget reflects an increase in Grants-in-Aid expenditures supported by Other Funds from \$27.5 million to \$28.3 million.

- **Questions:** As regional day school operations are being phased-out beginning in late FY 2009, what accounts for the increase in such expenditures?

ADMINISTRATION AND SUPPORT SERVICES

30. Pursuant to proposed budget language (D-42), the amount transferred to the Department of Law and Public Safety for legal services increases by nearly 25%, from \$8.7 million to \$10.8 million. No information is provided in support of a 25% increase in costs.

- **Questions:** For FYs 2007, 2008 and 2009 (est.), how many hours of legal services did the Department of Law and Public Safety provide? What was the average hourly rate for such legal services?

Background Paper: Executive Director Salaries at Contract Agencies

BACKGROUND AND ANALYSIS

In past years, members of the two budget committees have raised questions concerning compensation for Executive Directors (EDs) and other administrative personnel of agencies under contract to the Departments of Children and Families and Human Services. The concern is related to high turnover/vacancies in direct care positions at such agencies and the salaries paid to direct care personnel.

In general, there is no formal State policy with respect to compensation matters at contract agencies. The department's have rarely questioned the compensation paid to EDs and other administrative personnel. As the majority of funds contract agencies receive are from public sources such as State/county/municipal grants, Medicaid and Medicare reimbursements, etc., it is reasonable for the State to establish compensation limits on administrative personnel of contract agencies¹. If the agency is of the opinion that its ED merits additional compensation in excess of any State established limit, the agency can seek private funding to compensate for the difference.

Charts I and II, below and on the next page, present salary data on the compensation of EDs taken from the Annex B's of numerous agencies that provide various services to children and persons with developmental disabilities and mental illness.

The agencies are not identified, but are listed by county, based on the mailing address, though many agencies provide services in multiple counties. Agencies affiliated with a hospital, Rutgers, UMDNJ or county or municipal government are not included.

Chart I notes that ED compensation varies widely and does not appear related to the overall funding an agency receives. An ED in an agency with a contract of between \$5.0 million - \$9.9 million may earn more than an ED in an agency with a contract of between \$5.0 million - \$14.9 million.

Contract Amount (Gross)	No. of Agencies	Executive Director Salary Range (\$000)
Under \$1 million	3	\$66,000 to \$70,000
\$1,000,000 to \$4,999,999	13	\$90,000 to \$142,000
\$5,000,000 to \$9,999,999	18	\$86,000 to \$176,000
\$10,000,000 to \$14,999,999	14	\$89,000 to \$147,000
\$15,000,000 to \$19,999,999	8	\$105,000 to \$210,000
Greater than \$20 million	6	\$156,000 to \$250,000

Chart II notes that ED compensation varies widely, even within the same geographic area and does not depend on the number of clients a particular agency serves. For example, a Mercer County agency that primarily provides advocacy services paid its ED about \$142,000 out of a \$1.7 million contract. Another Mercer County agency that provides direct services to hundreds of clients paid its ED about \$124,000 out of a \$13.1 million contract.

¹ The State, on occasion, has disallowed a portion of an ED's salary as "unallowable." What this means is that a portion of an ED's time was expended on activities that were not allowed or related to the overall purpose of the contract.

Background Paper: Executive Director Salaries at Contract Agencies(Cont'd)

Chart II. Selected Executive Director Salaries by Agency by County			
Agency by County	Service ²	Gross Contract Amount (\$000) ³	Executive Director Salary (\$000)
Atlantic A	MH	\$5,417	\$140
Atlantic B	MH, DDD, SS	6,481	112
Atlantic C	DDD	9,283	107
Atlantic D	MH, SS	8,357	128
Atlantic E	MH, SS	7,760	176
Bergen A	MH	10,435	128
Bergen B	MH	18,167	141
Bergen C	MH, SS	24,475	156
Bergen D	MH	3,072	116
Bergen E	MH, SS	7,711	140
Burlington A	MH, DDD, SS	36,556	165
Burlington B	DDD	6,564	88
Burlington C	MH	3,073	93
Camden A	MH, SS	16,684	155
Camden B	DDD	9,595	124
Camden C	MH	11,629 est.	143 est.
Camden D	DDD	88,375	250
Cape May A	DDD	7,700	94
Cape May B	MH, SS	13,367	122
Cape May	MH	3,077	114
Cumberland A	MH, SS	12,280	115
Cumberland B	DDD	924	66
Essex A	MH	8,100	156
Essex B	MH	10,684	142
Essex C	DDD	17,967	210
Essex D	Adv.	5,918	147 ⁴
Essex E	Adv., SS	5,005	136
Gloucester A	MH	8,693	107
Gloucester B	DDD	11,634	89
Hudson A	MH	3,072	128
Hunterdon A	DDD	6,840	86
Mercer A	MH, DDD	30,717	201
Mercer B	MH, SS	13,142	124
Mercer C	MH	2,296	90
Mercer D	Adv.	1,736	142
Mercer E	DDD	13,275	120
Mercer F	Adv., DDD	2,518	110

² MH refers to mental health services; DDD refers to developmental disability services; SS refers to general social services such as child care and other services not exclusively for clients with developmental disabilities or mental illness; and Adv. refers to advocacy.

³ Gross Contract Amount may be from either the FY 2008, FY 2009 or CY 2008 contract.

⁴ Approximately \$15,000 of the Executive Director's reported salary was classified as an unallowable cost and is not eligible for reimbursement under the contract with the State.

Background Paper: Executive Director Salaries at Contract Agencies(Cont'd)

Agency by County	Service	Gross Contract Amount (\$000)	Executive Director Salary (\$000)
Mercer G	DDD	18,772	105
Middlesex A	MH, SS	60,000	156
Middlesex B	DDD	9,060	115
Middlesex C	Adv., DDD	4,430	116
Middlesex D	Adv.	567	67
Monmouth A	MH, DDD, SS	29,851	223
Monmouth B	DDD	16,162	110
Morris A	DDD	14,748	144
Morris B	MH, SS	9,378	125
Morris	MH	4,030	95
Ocean A	MH	3,073	102
Ocean B	MH, SS	15,990	140
Ocean C	MH, SS	12,952	139
Ocean D	DDD	11,619	102
Passaic A	MH	731	70
Salem A	MH, SS	5,158	115
Salem B	DDD	3,467	111
Somerset A	MH	3,073	104
Somerset B	MH, DDD, SS	10,922	108
Somerset C	DDD	18,105	110
Sussex A	DDD	12,278	130
Union A	MH, SS	10,993	110
Union B	MH	3,073	133
Union C	DDD	15,093	137 ⁵
Warren A	DDD	6,781	97

⁵ Approximately \$21,000 of the Executive Director's reported salary was classified as an unallowable cost and is not eligible for reimbursement under the contract with the State.

Background Paper: DYFS Statistical Information

Under the terms of the State's modified settlement agreement to improve the State's child welfare system, the Center for the Study of Social Policy (CSSP) was appointed as independent monitor to assess the State's compliance in meeting the terms and conditions of the agreement. Phase I (through December 2008) was targeted at improving the infrastructure to provide children with a safe and healthy environment; and Phase II (beginning January 2009) requires the State to meet measurable improvements in the lives of children and families.

Five monitoring reports have been issued to date, the last one in April 2008. In general, the note that the State has made significant progress in improving child welfare but that beginning January 2009 the benchmarks will increase. For example, rather than evaluating caseload standards by local office, the caseload standard will be the number of cases handled by an individual worker.

Tables I – IV are from information in the CSSP monitoring reports. For display purposes, Table 1 consolidates the district office level data in the monitoring reports on a county level, while Tables II – IV consolidate that data at the State level.

Table I provides data on the number of Adoption, Intake and Permanency staff, by county, with caseloads. Between December 2006 and December 2008, the overall number of case carrying staff increased by over 17.4%, from about 1,980 to nearly 2,330.

Table I. Number of Adoption, Intake and Permanency Staff with Caseloads⁶

	Dec-06	Dec-08	% Change
TOTAL ⁷	1,981	2,326	17.4%
Atlantic	62	72	16.1%
Bergen	89	101	13.5%
Burlington	86	105	22.1%
Camden	219	249	13.7%
Cape May	35	35	- -
Cumberland	60	85	41.7%
Essex	358	398	11.2%
Gloucester	64	83	29.7%
Hudson	135	172	27.4%
Hunterdon	11	14	27.3%
Mercer	91	112	23.1%
Middlesex	180	175	(2.8%)
Monmouth	97	113	16.5%
Morris	48	65	35.4%
Ocean	110	136	23.6%
Passaic	90	105	16.7%
Salem	39	38	(2.6%)
Somerset	25	45	80.0%
Sussex	20	30	50.0%
Union	138	158	14.5%
Warren	24	35	45.8%

⁶ Period I Monitoring Report, Tables B-1, B-2 and B-3 (February 2007). Period V Monitoring Report, Tables A-1, A-2 and A-4 (April 2008).

⁷ See Table II for a breakdown of staff, by function.

Background Paper: DYFS Statistical Information (Cont'd)

Table II indicates the number of case-carrying staff, by function:

Table II. Number of Case-Carrying Staff by Function

	December 2006	December 2008	% Change
TOTAL	1,981	2,326	17.4%
Adoption	202	263	30.2%
Intake	624	785	25.8%
Permanency	1,155	1,278	10.6%

Table III provides data on the number of supervisory staff, and indicates that between December 2006 and December 2008, supervisory personnel decreased from 591 to 524. The reduction in the number of supervisors between December 2006 and December 2008 may not represent an actual reduction in the number of supervisors, as supervisory staff may have been reassigned to other functions not directly related to casework.

Table III. Number of Supervisory Staff⁸

	December 2006	December 2008
TOTAL	591	524

Table IV provides data on the number of families receiving intake or permanency services and the number of children on the adoption caseload. Between December 2006 and December 2008, the number of families receiving either intake or permanency services decreased by nearly 25%, from about 25,660 to about 19,260. The number of children available for adoption decreased about 2.0%, to about 3,400.

Table IV. Number of Families Receiving Intake/Adoption Services and the Number of Children Available for Adoption⁹

	December 2006	December 2008
Families in Intake/Permanency	25,656	19,259
Children Available for Adoption	3,467	3,399

The reduction in the number of families receiving intake or permanency services may result from improved screening of cases and programs to divert families from becoming active DYFS cases. The reduction in the number of children available for adoption may mean that the State's efforts to increase the number of adoptions and to prevent a child's removal from a home and to reunite families by expanding services are working.

⁸ Period I Monitoring Report, Table B-4 (February 2007). Period V Monitoring Report, Table A-3 (April 2008).

⁹ Period I Monitoring Report, Tables B-1, B-2 and B-3 (February 2007). Period V Monitoring Report, Tables A-1, A-2 and A-4 (April 2008).

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Individuals wishing information and committee schedules on the FY 2010 budget are encouraged to contact:

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