

Memorandum

To: Mitzi Johnson, Chair, House Appropriations Committee
From: Ken Schatz, Commissioner, Department for Children and Families (DCF)
Subject: DCF FY17 Budget Testimony
Date: January 28, 2016

As requested by the joint memo from House and Senate Appropriations to Secretary Johnson dated 1/14/16, I am writing to provide requested information regarding DCF's budget, performance accountability, and the impact of the proposed budget on Vermonters.

This memo covers activities in all of the Department's programmatic divisions which include:

- Child Development Division (CDD);
- Economic Services Division (ESD);
- Family Services Division (FSD);
- Office of Child Support (OCS);
- Office of Disability Determination Services (DDS); and
- Office of Economic Opportunity (OEO).

I have appreciated the support from the administration and legislature addressing the urgent workload pressures in FSD that support child and staff safety. I feel confident the Department is moving towards increasing our ability to measure and support programs that improve Vermonter outcomes.

Please feel free to contact me if you have any clarifying questions or require additional information.



A. Summary of RBA Questions

The Department's programs and services are guided by the Results Based Accountability (RBA) framework which asks 1) *How much did we do?* 2) *How well did we do it?* and 3) *Is anyone better off?* Outcome data within the RBA framework is prepared annually for major programs within all DCF divisions through the *Outcomes for Vermonters* publication. Highlights are included below; full details for additional programs and services are available in the 2016 Outcomes book (<http://dcf.vermont.gov/sites/dcf/files/DCF/budget/DCF-Outcomes.pdf>).

1. How much did we do?

- CDD: The Child Care Financial Assistance Program helped 14,301 children access early care and education and afterschool programs in FY2015.
- ESD: In FY2015, the General Assistance (GA) Housing Assistance program served 2,699 households and provided 58,227 days of housing.
- FSD: In FY2015, FSD received a record 19,434 reports of suspected child abuse and neglect. In FFY2015, there were a record 1,370 children in DCF custody.
- OCS: In calendar year 2015, the Office of Child Support processed 18,079 cases.
- DDS: In FFY2015, Disability Determination staff processed 2,284 Continuing Disability Review cases up from 511 in FFY2006.
- OEO: In FY2015, Emergency Solutions Grant funds supported 4,303 individuals in homeless shelters including 3,446 adults and 857 children and weatherized 1,123 households

2. How well did we do it?

- CDD: In FY2015, the Licensing Division visited 91% of licensed child care programs up from 89% in FY2014.
- CDD: In FY2015, the percentage of licensed child care programs participating in the STep Ahead Recognition System (STARS) increased to 668 from 444 in FY2014; 64% of all licensed programs were at the 3, 4, or 5 STARS level, indicating high quality.
- ESD: For the first three quarters of FFY15, the 3SquaresVT program reduced its payment error rate from a high of 9.66% in FFY2013 to 1.25% one of the lowest rates in the country.
- FSD: In FFY2015, Social workers conducted face-to-face visits with 85% of children in DCF custody; a decrease from 90% the previous year, reflecting ongoing workload challenges for social workers.
- OCS: In FFY2015, Vermont's Office of Child Support ranked in the top 10 nationally for federal performance measures for establishing parentage, establishing child support orders, collecting support, recovering arrears payments, and cost efficiency.
- DDS: In FFY2015, Vermont's initial case accuracy rate of 97.3% was the fourth highest in the country and 1.8% above the national average.



- OEO: In FY2015, the Weatherization Assistance Program implemented a one-touch referral initiative to connect all weatherization clients to other applicable health, housing, and energy programs.

3. Is anyone better off?

- CDD: 52.3% of children receiving Child Care Financial Assistance were in high quality programs, leading to improved early learning and school readiness.
- ESD: Since the Vermont Rental Subsidy Program started in December 2011; 242 households have moved off the program because they secured long-term vouchers, increased their earnings, or found alternative housing options.
- ESD: With new legislation that came into effect on 7/1/2015, families receiving Reach Ahead benefits now receive an extended child care subsidy, cash benefits to purchase food, and supports to help them maintain a job for 24 months.
- FSD: In FFY2015, 93% of children in DCF custody who exited care achieved permanency through relative custody, guardianship, adoption, or reunification.
- OCS: In FFY2015, the Office of Child Support collected \$52,110,718 in child support payments which provides a key economic support to families. Parents who pay child support are also more likely to support their children in other ways.
- DDS: In FFY2015, Vermont's initial claim allowance rate (percentage of determinations with a finding of disabled) was 43.3%; this is 10.4% higher than the national average. When coupled with high accuracy rates, high allowance rates mean the office is providing high quality services to Vermonters with disabilities.
- OEO: 83% of the families enrolled in Family Supportive Housing were in permanent housing as of 6/30/2015.

B. Longitudinal Data – Caseload Trends

Longitudinal caseload data is available for key DCF programs in the *Outcomes for Vermonters* publication (<http://dcf.vermont.gov/sites/dcf/files/DCF/budget/DCF-Outcomes.pdf>). Caseload trends are provided for Child Care Financial Assistance, GA Temporary Housing, 3SquaresVT, children in DCF custody, disability determinations, child support enforcement, and emergency shelter. Please let us know if there are other priority programs or services that you would like additional information on.

C. Vantage Budget System Reports

The requested reports are attached as a supplement to this memo.

D. Update on Significant Changes in Crosswalk Spreadsheet (Ups/Downs)

The narrative below details significant changes between DCF's FY2016 and the FY2017 appropriation request including information regarding the base budget for programs. This funding request would increase the Department budget by \$7.1 million; \$4.2 million of this figure is state General Fund (GF). We have also experienced a reduction of \$2.5 million in Global Commitment (GC) dollars driven by the shift in health care eligibility, operations, and long term care to the Department of Vermont Health Access (DVHA). Please let us know if you have any additional questions about these items.



Administration & Support Services

- As briefly described above, DCF has shifted supervision of health care eligibility (Health Access Eligibility Unit – HAEU), operations, and long term care to DVHA. The FY2016 BAA request continued funding for 65 limited service staff supporting the Vermont Health Connect. The current FY2017 request extends that funding for 12 limited service staff, and shifts 108 positions over to DVHA. This change is AHS net neutral and achieves a key recommendation of the AHS Secretary’s 2014 report on strengthening DCF’s response to child safety.
- ESD was awarded a three-year \$8.9 million federal *Jobs for Independence* grant to improve employment outcomes for individuals receiving 3SquaresVT benefits. We are requesting spending authority for this funding for FY2017.
- The shift of \$1.3 million in GC funding to GF is tied to the change in eligibility work that was previously done at the district level.
- Due to shifting priorities within the Division of Vocational Rehabilitation (VR), case management services for Reach Up participants will no longer be provided by VR staff. These positions will be transferred back to DCF.
- ESD had previously provided education and training supports to Reach Up participants through the federal Supplementation Nutrition Assistance Program (SNAP)/state 3SquaresVT program. Due to a cap on the amount of SNAP funds that may be used for this purpose, we are creating a standalone program in FY2017 to meet federal guidelines. This will cost approximately \$800,000.

Family Services Division

- FSD is facing significant challenges that have implications for child safety, workload, and staff safety. The FY2016 BAA request introduced a comprehensive package of supports to address these challenges. The FY2017 budget proposal is an annualization of the earlier request.
- Staffing requests in the earlier proposal included the following 35 positions: 8 social workers, 6 in centralized intake and 2 in residential licensing; 20 district social workers and 1 district supervisor; 3 administrative assistants – 1 in residential licensing, 1 in centralized intake, and 1 district admin asst; 1 child benefits specialist; and 2 resource coordinators for foster parent recruitment and retention in districts.
- The FY2016 BAA request also expanded the use of substance abuse screeners from 6 districts to all 12 districts. The total cost of this program is \$908,000.
- Increases of \$1.9 million in grants will support the record-high caseload of children in custody through child and family support services; foster care respite and support; subsidized adoption payments; supervised visitation services; and transportation for children in care. The base budget for these services is \$25 million.
- DCF proposes to restructure residential treatment services for youth. Research indicates that outcomes for children and youth are better in family-based care in their communities which is often less expensive to provide. Our state has a higher than average percentage of children in residential care settings. By increasing community-based supports to prevent kids from needing residential placements; shifting our use of residential treatment to be short-term and intensive; and by providing appropriate aftercare we expect to achieve \$674,000 in savings.





Child Development Division

- There has been an increase in demand and program expenses for the IDEA Part C program which provides developmental services to children 0-3 years under the Individuals with Disabilities Education Act. Budget pressures are due to changes in interagency agreements with the Agency of Education that have made CDD responsible for assessment costs and the influx of young children involved with FSD which must be referred to this service by federal law. We are requesting a \$359,760 increase on a base budget of \$81 million.

Office of Child Support

- No major changes.

Aid to Aged, Blind, and Disabled

- There has been a slight increase in the Essential Person caseload. This program contributes to the cost of having someone live with in the home with older Vermonters or individuals with disabilities to provide essential care. The \$150,330 increase is requested on top of the \$13.4 million base budget.

General Assistance

- The original request in the FY17 budget for the GA Emergency Housing Program was for an additional \$2M above the base budget of \$2.3M in FY16. We are reducing our request to \$1M above the FY16 base amount due to the projected savings we anticipate through supporting housing and homelessness service providers in creating alternatives to motels in their communities. We believe that these alternatives will save money and be a more effective service delivery model for addressing homelessness. If approved, the total budget for this program would be \$3.3 million in FY2017.

3SquaresVT

- As submitted in the FY2016 BAA request, there has been an increase in the overall 3SquaresVT caseload from 15,470 to 16,682 in FY2017. The \$2,167,056 increase is in addition to the \$28.2 million base budget. 3SquaresVT is a fully federally-funded program.
- Concurrently, there has been a reduction in the cost per case due to program participants drawing down lower benefits from receiving more earned income in the improving economy. We anticipate this will result in \$556,920 in savings.

Reach Up

- We expect almost \$4.4 million in savings due to continued declines in the Reach Up caseload resulting in a total program budget of \$37.2 million in FY2017.
- Caseload decrease is due in part to: investments in workforce development/training; improving economy; and the 60-month time limit. Please see attached caseload report provided by Black-Plumeau Consulting for additional details.
- As noted above, case management services for Reach Up participants will no longer be provided by VR staff.



LIHEAP

- We are not asking for any additional funding above and beyond the federal LIHEAP funding.
- We plan to exchange LIHEAP and Weatherization funds to enable the LIHEAP program to continue providing benefits to persons above 150% of the Federal Poverty Line and to cover the administrative costs of the program that cannot be covered by federal LIHEAP funding.

Office of Economic Opportunity

- We propose to expand the Family Supportive Housing program by drawing down Medicaid funding to match the \$200,000 GF spending in previous years. This change is based on recent guidance from the Centers for Medicare and Medicaid Services. We also plan to add a support position to coordinate this program, repurposed from existing grant funds.

Weatherization Assistance

- There are no significant changes to the Weatherization budget, yet the existing budget of \$9.1 million assumes that the Fuel Gross Receipts Tax will be reauthorized. See note above regarding the planned exchange with LIHEAP funds.

Woodside

- No significant changes.

Disability Determination Services

- No significant changes.

E. Federal Funding Changes

DCF does not have any sources of federal funding that are likely to be reduced or eliminated in FY2017, nor has there been a significant change in federal funding.

In addition, the following major initiatives are funded with federal grants:

- **Early Learning Challenge Grant:** The Early Learning Challenge grant is a four-year, \$36.9 million grant to help build a high-quality and accessible early childhood system in the state so all young children will be ready to succeed in kindergarten and beyond. A detailed sustainability plan has been identified for each program funded by this grant. For most initiatives, grant funds were used to support independent evaluations of longstanding early childhood programs and to build in ongoing evaluations for most new grant projects. This information will be used to support informed decision making about how to re-allocate resources to maximize outcomes. In this way, grant funded programs that are effective will be sustained.
- **Jobs for Independence:** As noted on page 4, this is a three year, \$8.9 million grant to increase employment within the population of 3SquaresVT recipients. While this is a federal grant, it is set up as a research project with an intervention and control group; as a research project, it will end after three years. After the grant period ends, we anticipate that these activities will continue if this research project proves them to be effective





F. Impact of Changes in Funding on Vermonters

The following budget changes will have a direct impact on Vermonters. As described above, the proposed FY2017 increases to FSD staffing and operational costs are directly tied to providing appropriate care for the increased number of children coming into state custody, largely as a result of the opiate crisis. We have seen a significant increase in the number of individuals and families needing emergency housing (including DV victims) over the past several years. By investing in alternatives to motel vouchers, we will provide better services for those individuals and families and connect them to programs/services enabling them to obtain stable housing. This will also help manage to the program's budget.

G. Position Changes and Vacancy Savings

Please see above regarding the additional positions in FSD. Like every other Department in state government, the retirement incentive eliminated a significant number of positions in the Department. With the support of the administration, this did not affect FSD. Our other divisions are doing the best they can to continue providing essential services to Vermonters despite the loss of these positions.

H. Grants

A summary of DCF grants is available in the Vantage System reports submitted with the Department's budget documentation.

I. Carry Forward Funds

DCF did not have any GF carryforward in FY2015 and does not anticipate having any in FY2016.

