

Background on Children's Services System Transformation

In 2008 the General Assembly approved a package of child welfare legislation that included the first major change in the CSA funding formula since the program's inception. Under this legislation, localities pay a smaller share of costs for community-based services and a larger share for most placements in group settings. While the changes were phased in over a period of eighteen months, the full impact was realized on July 1, 2009.

As of that date, the local match rate each locality pays for community based services was reduced by 50 percent and the local match rate each locality pays for non-Medicaid residential services was increased by 25 percent (above the fiscal year 2007 base match rate) after the locality had incurred a total of \$200,000 in residential care expenditures. The local match rate for all Medicaid services in both years was based on the match rate in place on September 1, 2008.

- The results of the match rate changes have had positive effects for both locality and state budgets:

	State	Local
2008	\$244.29 M	\$136.24 M
2009	\$242.70 M	\$122.20 M
Savings	\$1.59 M	\$14.04 M

- 2010 expenditures to date suggest additional local savings. At the local level in 2009, all but three localities were at zero increase in expenditures or showed a decrease in expenditures.
- These reductions in overall spending have been achieved while at the same time realigning our spending to be more closely in line with the intent of CSA: serving children as close to their family and home community as possible. Our spending on community-based services has increased as a percentage of our total spending while dollars dedicated to group care expenses have decreased:

	Community Based Expenses	Group Care Expenses
2008	\$37.40 M	\$247.80 M
2009	\$59.70 M	\$207.10 M

Budget Implications for Match Rate Reversal

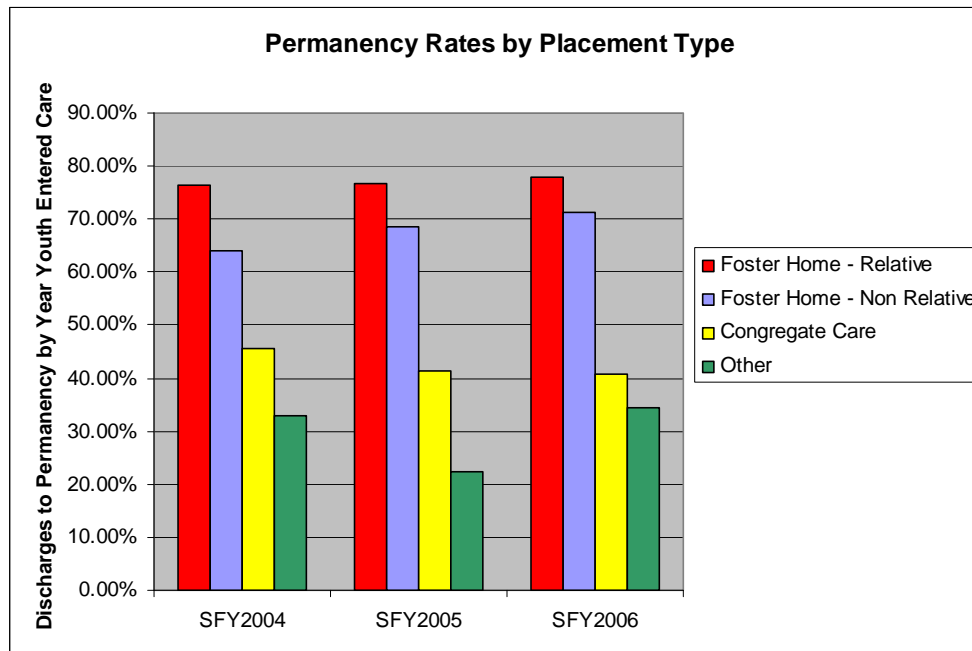
- Were the General Assembly to reverse the increased local match rate for group care there would be a \$12.9 M increase to the general fund over the biennium.
- Were the General Assembly to reverse the decreased local match rate for community based services there would be a \$20 M cost to localities over the biennium.

Our service delivery to children and families has improved over the last four years:

- The percentage of youth in foster care discharged to permanency increased from 63.96% in 2008 to 70.02% in January of 2010
- The percentage of foster youth in group care has decreased from 25.53% in 2007 to 17.55% in January of 2010
- 60,577 children were served by CSB's in 2008 compared to 40,991 in 2006
- The total number of youth in foster care has decreased by 19%; from 7557 to 6132 between December of 2007 and January of 2009
- We are safely accomplishing these decreases in the foster care population and have seen our incidence of repeat maltreatment decrease from 2.4% in December of 2007 to 1.9% in August of 2009
- There was a decrease in the number of juvenile justice intakes and probation cases between 2007 and 2009:

	DJJ Probation Cases	DJJ Intakes
2007	7,209	63,853
2009	6,622	61,057

Children placed in residential settings have significantly less chance of achieving permanency¹ than those children placed in family based placements.²



¹ Permanency is defined as a child exiting foster care to reunification, custody transfer to another relative, or adoption.

² Family Based placement includes placement in a relative or non-relative foster home, in a non-finalized adoptive home or in a trial home visit. Chapin Hall Multi-State Foster Care Data Archive