

EXCEPTIONAL ITEMS SUMMARY

Figure 2 illustrates exceptional items that are being requested in FY 2004-2005. The exceptional items are categorized as "Maintaining Current and Projected Service Levels" and as "Mission Critical Enhancements." Figure 2 is continued on the following page. The narrative below Figure 2 provides a description of individual exceptional items.

Figure 2. Summary Table of Key Legislative Funding Initiatives

TIER 1: MAINTAIN CURRENT & PROJECTED SERVICE LEVELS FOR CLIENTS AND CONTRACTS						
FUNDING INITIATIVE		FY2004 DOLLARS	FY2005 DOLLARS	BIENNIAL TOTAL	FY2004 FTEs	FY2005 FTEs
1.	Projected Average Cost Increases in Foster Care & Adoption Payments	5,404,268	11,145,045	16,549,311		
2.	Maintain 4 % Legislated Salary Increase	446,666	446,666	893,332		
3.	Restore CPS Purchased Services to Current Funding Level	1,162,449	1,185,079	2,347,528		
4.	Maintain Current Caseload Per Worker	11,590,604	19,973,271	31,563,875	251.6	458.6
	<i>a. CPS</i>	8,667,592	16,897,833	25,565,425	190.0	388.0
	<i>b. APS</i>	1,834,781	2,115,697	3,950,478	36.3	44.9
	<i>c. MHMR</i>	363,676	350,295	713,970	7.3	7.7
	<i>d. Statewide Intake</i>	724,556	609,446	1,334,002	18.0	18.0
5.	Maintain Contracts for Adoptive Placement	500,000	500,000	1,000,000		
6.	Enhance Funding for Foster Care Day Care (Non-IVE)	705,612	917,295	1,622,907		
7.	Meet Projected Need for Adoptive Placement	489,060	767,075	1,256,135		
8.	Maintain Current Services for Facility Based Youth Enrichment	464,863	464,863	929,724		
9.	Expand Guardianship Contracting	1,005,972	1,035,460	2,041,432		
10.	Increase Post Adoption Services	1,029,633	1,029,633	2,059,266		
Subtotal, Maintain Current & Projected Service Levels		\$ 22,799,127	\$ 37,464,387	\$ 60,263,510	251.6	458.6

TIER 2: MISSION CRITICAL ENHANCEMENTS						
FUNDING INITIATIVE		FY2004 DOLLARS	FY2005 DOLLARS	BIENNIAL TOTAL	FY2004 FTEs	FY2005 FTEs
11.	Provide Cross Program Salary Package	2,809,487	2,809,487	5,618,974		
12.	Provide Substance Abuse & Mental Health Services	5,530,893	5,530,893	11,061,786		
13.	Provide Payments for Kinship Care	868,293	12,398,238	13,266,532	2.0	20.0
14.	Provide Monitoring for a Sample of Agency Foster Homes	627,721	578,942	1,206,663	11.5	11.5
15.	Create Contract Management System	585,489	379,599	965,088	2.0	1.0
16.	Enable Timely Completion of MHMR Investigations	1,251,791	1,136,727	2,388,519	27.1	27.1
17.	Recruitment of Foster/Adoptive Homes	300,000	300,000	600,000		
Subtotal, Mission Critical Enhancements		\$ 11,973,675	\$ 23,133,886	\$ 35,107,561	42.6	59.6
Grand Total, Funding Initiatives to be Submitted		\$ 34,772,802	\$ 60,598,273	\$ 95,371,075	294.2	518.2

PRS has attempted to balance the incredible demands and expectations of expanded service delivery against the desire to submit a fiscally responsible request for funding. The agency screened out a number of potential exceptional items in recognition of the state's fiscal constraints; however, the agency included 17 exceptional items to allow the Legislature to determine which, if any, of these exceptional items should be funding next biennium. The exceptional items total \$72.7 million in general revenue funds and \$95.3 million in all funds. These exceptional items are described below:

1. Projected Average Cost Increases in Foster Care & Adoption Payments – Over time, the department has experienced an on-going shift in the overall mix of the children in foster care toward higher levels of care. This trend reflects that more children in foster care have greater needs and require more services than in the past. This shift toward higher levels of care results in higher average daily foster care payments. The level of care needs for each child are reviewed and determined by an independent third-party contractor and, accordingly, are outside the control of either the department or the foster care provider. Therefore, funding is requested to cover these projected costs. Projections for the average monthly adoption subsidy payment also increase over time. The department negotiates the amount of each adoption subsidy payment for a child with special needs with the adoptive family and requires documentation to support the established payments. This process results in an average monthly adoption payment that is less than the maximum allowed. Periodically, the department reviews the circumstances for each child receiving adoption payments and may renegotiate the adoption payment amount if the documentation justifies it. This process results in annual increases in the average monthly payment costs and funding is requested to cover these higher costs. The funding provided for this issue allows the Department to maintain the current service level for foster and adoptive children.

2. Maintain 4% Salary Increase – State employees who began work on or before, September 1, 2000 received a 4% salary increase, with a minimum of \$100 per month, effective September 1, 2001. Staff employed by specified dates are to receive

the 4% salary increase beginning either September 1, 2002 and March 1, 2003. Since the salary increase was phased-in during the current biennium, additional funding is needed to cover the annualized cost of the pay raises for fiscal years 2004-2005.

3. Restore CPS Purchased Services to Current Funding Level – The earned federal funds projected to be collected in FY 2004-2005 are expected to be \$2.35 million less than what was appropriated during the current biennium. This reduction in earned federal funds collections has been identified as resulting in a decrease in the funding available to maintain current service levels for family-based safety services in the CPS Purchased Services strategy. The funding provided for this initiative will allow the agency to maintain the current service levels for clients receiving family-based safety services designed to prevent the removal of children from their own homes.

4. Maintain Current Caseloads Per Worker – Based on the increase in workload projections in CPS, APS, MHMR Investigations and Statewide Intake for FY 2004-2005, the agency will need additional direct delivery staff to meet increased demand for services in these four program areas. This initiative seeks funding to maintain the current quality of service delivery by maintaining the current caseloads per worker in recognition of projected increases in total caseloads.

5. Maintain Contracts for Adoptive Placement - Additional funding is requested for contracted adoption placements to maintain current service levels to ensure these agencies continue to recruit and place PRS children in need of adoptive homes. Federal funding (the Adoption Incentive Grant Award) for this service is based on the number of adoptions above the previous year. As the growth in adoptions has leveled off, the incentive funding has declined. State statute requires the department to use child-placing agencies to ensure permanency for children free for adoption. This funding would enable PRS to continue to utilize this valuable resource in finding adoption placements for children at the current service level.

6. Enhance Funding for Foster Care Day Care (Non-IVE) - PRS currently pays for day care services provided to eligible foster care children where both or a single foster parent works full-time. Many foster parents work outside the home and cannot afford to care for children who require full-time day care. This initiative would fund the increased need for foster parent day care services for Non-IV-E eligible children. This additional funding for day care services would serve approximately 160 children in FY 2004 and 208 children in FY 2005. Day care funding allows working individuals to provide foster care services to children in the conservatorship of PRS. Through the use of day care, PRS has the potential of increasing placement options for children. This allows the agency to better meet the needs of children in foster care placements.

7. Meet Projected Need for Adoptive Placement - Additional funding is needed for contracted adoption placements above the current service level to ensure these agencies continue to recruit and place PRS children in need of adoptive homes. State statute requires the department to use child-placing agencies to help achieve permanency for children free for adoption. Collaboration between public/private agencies to recruit, train and approve adoptive homes is continuing to increase. This additional funding would serve approximately 50 additional children in FY 2004 and 77 children in FY 2005.

8. Maintain Current Services for Facility Based Youth Enrichment - This exceptional item would allow services to be maintained at FY 2002-2003 levels. An additional \$464,862 is requested to maintain current service levels for the Facility

Based Youth Enrichment Activities Program for three contractors. The contingent funding source for this program did not materialize in the FY 2002-2003 biennium. Funding for this program in the current biennium required the agency to anticipate and utilize lapsing funds. Maintaining the current service levels would permit the continuation of a continuum of services designed to protect children, strengthen families, and support the partnerships PRS has with local communities.

9. Expand Guardianship Contracting - This initiative would help to fill geographic gaps in guardianship services, increase the agency's ability to meet the growing need for guardianship programs statewide, and improve the ability of guardianship staff to protect clients by affording them time to do more thorough assessments, service plans, and casework. Existing guardianship programs could be overwhelmed by local courts' requests to provide guardianship for nursing home residents who lack capacity unless additional resources are developed through expanded contracting.

10. Increase Post Adoption Services - Additional funding is requested to address the increase in demand for post adoption services. In the past six years, the number of children adopted has more than doubled creating a significant demand for post adoption services. The post adoption services program, a prevention-based program, is limited in the number of families it can serve. PRS contracts for the program and the availability of services cannot exceed the contract budgets. Additional funding would provide post adoption services to an estimated 279 children over the biennium. Post adoption services include casework, respite care, outpatient counseling, residential therapeutic care, support groups, and parent training. Delivery of services prior to a crisis is more likely to be effective in preventing the need for more costly and lengthy services.

11. Cross Program Salary Package - This exceptional item identifies salary increases for Program Administrators, Program Directors and Supervisors across all program areas. After careful review of the current pay structure, it has been determined that the classifications/salary pay groups for these positions should be consistent with agency structure for other similar positions based upon the complexity of the position, the consequence of their decisions and their level of responsibility. This exceptional item would improve retention, develop a better-trained and more competent staff and enhance worker productivity while providing consistent classifications/pay groups for consistent work. These recommendations should provide a greater incentive to tenured workers to become supervisors.

12. Provide Substance Abuse & Mental Health Services - Additional funding is requested for services to clients whose risk assessments indicate that substance abuse and/or mental health issues are risk factors in the family and whose safety and/or service plans indicate that these issues must be dealt with in order to reduce the risk of abuse/neglect. It is projected that the additional funding would provide inpatient and outpatient services to an additional 3,680 CPS-involved parents over the biennium. This will in turn enable families to be reunified more successfully and more often.

13. Provide Payments for Kinship Care - The Federal Adoption and Safe Families Act of 1997, Texas state law, and CPS policy require children who are removed from their homes because of abuse and neglect to be placed with relatives whenever possible. The requested funding would enable more children to be placed with relatives by providing limited funding to these families to overcome certain obstacles. Under the request, PRS would provide an integration payment when children are placed and supportive services such as training, case management, family counseling, childcare services, and limited exceptional

items reimbursement, when appropriate. Non-paid kinship placements in Texas historically experience a 25 percent return rate to paid foster care. The additional funding would serve approximately 319 families in FY 2004 and 3,315 families in FY 2005.

14. Provide Monitoring for a Sample of Agency Foster Homes – This request is to fund one unit of Residential Child Care Licensing staff to inspect a sample of foster family and foster group homes verified by licensed Child Placing Agencies (CPA). The findings of three audits by the Office of the Inspector General for the Department of Health and Human Services report in August 1995, the Office of the State Auditor (SAO) report August 1998, and a PRS internal audit report May 2002, all recommend that routine monitoring of a sample of agency homes is needed in order to assess the care and possible risks for children in CPA foster homes. The SAO described a risk to children because the CPAs have a financial interest in verifying homes because they rely on foster families to generate revenue for their agency. Inspecting a sample of agency homes would allow licensing staff to assess how well a CPA regulates its homes for compliance with minimum standards, if the CPA takes appropriate actions with its homes when there are deficiencies, and if the CPA implements program changes to improve their foster home program.

15. Create Contract Administration Division (CAD) Automation System – The agency is requesting funding for an integrated, web-enabled system with interfaces to CAPS and the agency's financial system to provide information on all client service contracts administered by PRS. This system would improve the fundamental controls for the agency's client services contracts and improve the effectiveness of management decision-making regarding client service contracts.

16. Enable Timely Completion of MHMR Investigations – Funding is requested to increase APS MHMR staffing to enable investigations in MHMR facilities and community settings to be completed timely. Current policy, developed in response to Senate oversight of MHMR investigations in 1996, requires MHMR investigations to be completed in 14 days. Federal regulations require certain MHMR investigations to be completed in 5 days. PRS negotiated federal acceptance of PRS status reports, rather than completed investigations, in 5 days. However, federal expectations for the status reports are changing, most recently to require more details and a projected finding requiring staff to accelerate the interview process. If future surveys find PRS out of compliance, MHMR is at risk of losing significant federal dollars and/or decertification of the ICF-MR program statewide.

17. Recruitment of Foster/Adoptive Homes - Additional funds specifically allocated for recruiting foster and adoptive homes will be used to contract with advertising and public relation firms. Increasing the availability of foster and adoptive home placements will provide additional placement options for children and improve the matching process for selecting families that meet the individual needs of a child or sibling group. Other potential benefits decreases in the number of placement disruptions and reductions in the time children wait for permanent adoptive families. The emphasis on dually licensing families and the increase in foster parent adoptions has increased the need for recruitment of both foster and adoptive families.