

BOARD/ADMINISTRATORS STATEMENT

Board Member	Dates of Term	Hometown
Richard S. Hoffman, Chair	Term expires 2/1/2003	Brownsville
John R. Castle, Jr.	Term expires 2/1/2007	Dallas
Anne C. Crews	Term expires 2/1/2007	Dallas
Naomi W. Ledé	Term expires 2/1/2005	Huntsville
Catherine Clark Mosbacher	Term expires 2/1/2003	Houston
Ommy Salinas Strauch	Term expires 2/1/2005	San Antonio

The nearly seven thousand employees of the Texas Department of Protective and Regulatory Services (PRS) focus on protecting the unprotected. The strongest asset for PRS has been, and will continue to be, the dedication of the front-line staff of the agency. These dedicated professionals make a difference in the lives of vulnerable Texans each and every day.

During the 77th Legislative Session in 2001, the Governor and the Texas Legislature demonstrated support for the critical nature of PRS' mission by providing much-needed tools and resources to assist the agency in better serving the abused, neglected or exploited adults and children that depend on the agency. In spite of significant increases in funding, unanticipated issues in foster care have created a fiscal crisis for the agency that will more than likely require PRS to request the 78th Legislature to make a special appropriation of funds to cover the increased foster care costs. During the current biennium the agency is committed to addressing the growth in demand for related services such as foster day care and purchased services for the effected children and their families from within available appropriations.

ACCOMPLISHMENTS

PRS continues to focus on improving the quality of services provided by the agency. The agency implemented a number of new state and federal mandates. Child Protective Services (CPS) implemented a statewide training program on the federal Multi-ethnic Placement Act, and Inter-ethnic Adoption Provisions were put into practice. Adult Protective Services (APS)

implemented the provisions of SB 1245 requiring agency participation in the Department of Human Services' (DHS) Employee Misconduct Registry. The Prevention and Early Intervention (PEI) division incorporated the Children's Trust Fund of Texas into the program effective September, 2001, as required by legislation.

CPS implemented a comprehensive system to track trends and patterns of cases which have been referred to the agency multiple times in an effort to facilitate policy changes and training to increase child safety. To further insure child safety, a CPS Quality Assurance Division was created to provide a consistent statewide evaluation of the effectiveness of CPS in achieving safety, permanency and well being outcomes for children and families. A new Flexible Response system was implemented to route cases to the most appropriate level of CPS intervention to permit the best use of agency resources.

The first year of the Collaborative Adoption Project saw project liaisons in Dallas, Houston and San Antonio involved in the adoptive and legal risk placement of approximately 93 children. A partnership between CPS, DHS and the Texas Council on Family Violence resulted in the production of a brochure with frequently asked questions about CPS for distribution in family violence shelters and offices throughout the state.

APS implemented protocols specifically designed to screen for a client's capacity to consent in an effort to improve client protection in the program. This more thorough assessment of their capacity guides the decision of whether to petition the court for guardianship. In addition, APS revised policy and implemented a review process to ensure that all PRS wards are in the least restrictive setting that can meet the wards' needs or are on the waiting list for community-based Medicaid waiver programs. The Texas Elder Abuse Mistreatment (TEAM) Institute, an association of PRS, the Baylor College of Medicine, and the Harris County Hospital District, are collaborating to educate physicians in elder mistreatment diagnosis and treatment using an interdisciplinary team approach.

The Child Care Licensing Division (CCL) implemented a new, easy to use, web-based automation system that enhances the agency's ability to produce accurate reports and information. Information on the Internet enables parents and other consumers to obtain information about inspections and other child care information to assist them in making informed child care decisions. The new system enables agency workers to track and document the regular monitoring that occurs for child care facilities and any related standards violations, investigations and actions or waivers.

PEI coordinated the creation of the Communities In Schools (CIS) State Advisory Committee during FY 2002. The committee, mandated by the legislature, consists of members appointed by the Governor, the House Speaker, and the Lieutenant Governor. Volunteers are an important component in the struggle against abuse/neglect. As of June 2002, Texas Runaway and Youth Hotline staff and volunteers answered 36,586 calls with more than 7,000 referrals to shelters, counseling programs, law enforcement and other youth related organizations. Hotline staff and volunteers prepared and distributed more than 150,000 program materials to schools, PEI contractors, CPS workers, law enforcement agencies, and other youth related organizations.

PRS has implemented a number of Legislative initiatives which should help reduce staff turnover. PRS implemented a targeted pay raise for approximately 3,700 employees classified in the Protective Services Specialist series, as required by rider. PRS implemented the cell phone allowance rider to reimburse nearly 3,600 CPS workers and supervisors for the business use of personal cell phones as a safety measure for staff. PRS also implemented an increase in mileage reimbursements from 28 cents to 34.5 cents per mile in FY 2002 at a cost of more than \$2 million for the agency.

A number of technology related initiatives are enabling staff to work more efficiently to better-serve clients and address public information needs. The effectiveness of the Texas Adoption Resource Exchange (TARE) system was improved and new features were added in FY 2002. This Internet system enhances the agency's ability to move children to adoption. Handheld keyboard devices were deployed to 523 CPS and APS workers to provide these staff with the capability of producing and storing case narratives which can later be uploaded in the Child and Adult Protective System (CAPS). Local access numbers were implemented in Dallas, Houston, Austin, and San Antonio to permit local dial-up connection to the PRS network without incurring long distance charges saving the agency over \$30,000 in long distance costs each month. PRS also executed an unplanned successful implementation of the CAPS Disaster Recovery Procedures, including the restoration of the CAPS application to full functionality after an electrical "disaster" occurred in the Operations Center.

EXTERNAL AND INTERNAL FACTORS DRIVING THE APPROPRIATIONS REQUEST

Texas completed the federally mandated Child and Family Service Review (CFSR) in February 2002. This national review process focuses on outcomes related to child safety, permanency, and well being. The Statewide Assessment evaluates key child welfare systems and outcomes using multiple sources of quantitative and qualitative data indicators related to safety, permanency and well-being outcomes for children and families. During the On-Site Review component, a team of state and federal representatives reviewed the quality of casework practice in Cameron, Harris and Lubbock counties.

In addition to outcomes addressing safety, permanency and well being, the CFSR assessed systemic factors associated with the state's statewide information system capacity, case review system, quality assurance system, staff and provider training, service array, responsiveness to the community and foster and adoptive home licensing, approval and recruitment. The CFSR Final Summary will be completed by the federal Administration for Children and Families staff and will result in PRS submitting a Program Improvement Plan by October, 2002. The State of Texas must address deficiencies identified in the CFSR or face possible penalties including the potential loss of certain federal funding.

The environment PRS operates in, one of attempting to heal and prevent abuse and neglect, is a unique challenge. As the changing demographics and the uncertainty of the economy grows, the relationships that are being built with stakeholders

and partners in our system become even more significant. Great strides have been made in the areas of achieving permanency for children in our system, for education of the treatment of elders and in providing guidelines so child caregivers provide safe facilities, free from danger.

Much has been done to relieve at least a portion of the strain under which CPS caseworkers function by providing better tools and targeted salary increases. However, the unprecedented growth of children in foster care is creating an immense burden on state and agency resources. The problem is exacerbated by a declining percentage of foster care clients that are eligible for Title IV-E funding due in large part to federal eligibility income limits that were established in 1996.

The growing aging population and their special needs are also contributing to increased demands on workers particularly in the need for guardianship services. Inability to meet these needs could result in litigation, harm to wards and non-compliance with federal mandates.

Prevention is still seen as a key to help control spiraling costs of treating the abused and neglected population, particularly children. Resources need to be directed towards high-risk populations, while still addressing the needs those teens that have less severe or borderline behavioral problems.

CASELOAD GROWTH IN FEDERALLY MANDATED PROGRAMS

PRS relies upon sophisticated time-series forecasting models that use historical data trends to project future caseload growth in foster care and adoption subsidy payments. These models rely on the assumption that historical trends are the best indicator of future trends. Unfortunately, foster care caseloads may also be impacted by societal factors such as unemployment, the well being of the economy and other stressors on family life. Inclusion of factors such as these in the foster care forecasting model has not received favorable consideration since these factors cannot be predicted with great accuracy and would have the potential for an additional margin of error in the forecast. The agency continues to work with top forecasting experts in other agencies in an effort to improve the accuracy of the forecasts used to establish the appropriations for foster care and adoption payments.

During the early 90's, the average number of full-time equivalent (FTE) children in paid foster care experienced double-digit increases. This growth slowed to less than 2 percent annual growth in the mid to late 90's. This historical data PRS relied upon for forecasts that the FY 2002-2003 appropriations were based upon reflected annual increases in the average number of FTE children served in paid foster care of 1.5 percent in FY 1997, 0.7 percent in FY 1998, 1.3 percent in FY 1999 and 9.2 percent in FY 2000. The forecast that the FY 2002-2003 appropriations were based upon did not include any FY 2001 data.

PRS served 12,769 FTE children in paid foster care in FY 2001 and 14,002 in FY 2002. PRS is projecting to serve 14,774 in FY 2003; 15,452 in FY 2004 and 16,138 in FY 2005. Because foster care is considered a federally mandated program, the projected caseload growth for foster care is reflected in the baseline funding request. Increases in the average daily cost for foster care, primarily due to shifts toward higher levels of care is reflected in the baseline funding request. Increases in the

average daily cost for foster care, primarily due to shifts toward higher levels of care, are requested as an exceptional item consistent with instructions from the executive and legislative budget offices.

Families who adopt foster care children with special needs may receive adoption subsidy assistance. State and federal efforts have emphasized adoption as the most desirable permanency goal for children whose parental rights have been terminated unless there are other factors for a particular child, which indicate that another permanency goal would be more appropriate. As a result of this increased emphasis, the number of adoptions consummated by the agency and the number of families receiving adoption subsidies has exceeded all expectations. PRS expects to provide adoption subsidies to an average of 17,714 children in FY 2005 compared to 15,028 in FY 2003. Because adoption subsidy is considered a federally mandated program, the projected caseload growth for adoption subsidy is reflected in the baseline funding request. Increases in the average daily cost for adoption payments are requested as an exceptional item consistent with instructions from the executive and legislative budget offices.

EXCEPTIONAL ITEMS

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. The exceptional items being submitted for consideration total \$72.7 million in general revenue funds and \$95.3 million in all funds. The exceptional items are described below:

1. MAINTAIN CURRENT AND PROJECTED SERVICE LEVELS FOR CLIENTS AND CONTRACTS

The initiatives included in this exceptional item reflect additional funding needed to maintain current and projected service levels and address the following issues:

- Provide funding to meet the additional costs associated with the shift of foster care children towards higher levels of care resulting in the increase in average monthly payments, and the annual increase in the average monthly payment of adoption subsidies due to the periodic review and renegotiation of the current circumstances for each child with special needs.
- Provide funding to maintain the 4 percent legislated salary increase for eligible state employees. Since the salary increase was phased in during the current biennium, additional funding is needed to annualize the pay raises for fiscal years 2004-2005.
- Restore the anticipated reduction in Earned Federal Funds in order to maintain current service levels for clients receiving family-based safety services designed to prevent the removal of children from their homes.
- Provide additional staff to maintain the current caseload per worker based on workload projections for FY 2004-2005, as well as maintain the quality of service delivery.

- Provide funding to meet the projected need for foster parent day care services for Non-IVE eligible children, contracted adoption placements, and post adoption services. Failure to provide these services would disrupt children already in foster and adoptive placements and limit resources for children in need of these services.
- Restore funding to maintain current service levels for Facility Based Youth Enrichment Activities Program since contingency funding was not appropriated in the FY 2002-2003 biennium. Funding for this program in the current biennium required the agency to utilize lapsing funds from other programs.
- Expand existing contracts and develop new guardianship contracts in counties with experienced service providers to assist in filling geographic gaps in guardianship services, meet the growing need for services, and improve the ability of staff to spend more time doing casework services.

2. MISSION CRITICAL ENHANCEMENTS

The initiatives included in this exceptional item reflect additional funding needed for mission critical enhancements within the agency and address the following issues:

- Provide salary increases for Program Administrators, Program Directors, and Supervisors across all program areas to be consistent with agency structure for the other similar positions based upon the complexity of the position. This salary increase would improve retention, develop a better-trained staff while providing consistent classifications and pay groups to critical staff positions.
- Provide services to clients whose risk assessments indicate that substance abuse or mental health issues are risk factors in the family and whose service plans indicate that these issues must be dealt with in order to reduce the risk factors.
- Provide integration payment and limited funding for supportive services to extended families to overcome certain obstacles for kinship placements as an alternative to foster care when children are removed from their homes. Historically, non-paid kinship placements experience a 25 percent return rate to paid foster care.
- Provide additional staff needed to routinely inspect both CPA and PRS foster homes and ensure compliance with minimum standards.
- Provide a web-enabled system for the Contract Administration Division to interface with CAPS and the Integrated Statewide Administrative System (ISAS), the agency's financial system. The new system would provide readily available management information in an effective format and increase the effectiveness of management decision making.
- Provide additional staff needed to enable completion of MHMR investigations within five days as required by federal regulations.

- Provide funding to contract with advertising and public relations firms for recruiting foster and adoptive homes. 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 SIGNIFICANT ISSUES

Compensation for State Employees- PRS supports an across-the-board salary increase for all state employees. At a minimum, the agency would encourage funding the 3 percent salary increase approved for FY 2003 that could not be certified by the Comptroller of Public Accounts.

Changes in Riders- The agency is requesting a number of rider updates and revisions. PRS requests that Rider 7, Foster Care Rates, be amended to clarify that the department must use the same assumptions for implementing rate increases as the Legislature used to appropriate the rate increase. Changes in Rider 7 are also requested to allow the department to fully implement the new foster care rate setting methodology adopted at the direction of the Legislature by reducing individual rates where appropriate. PRS is requesting that Rider 11, Contract Quality Assurance be deleted since the function has been transferred to Strategy A.1.2., Child and Family Services. An amendment to Rider 19, Communities in Schools Program, would permit unspent funds to be used to address other priorities. Rider 23, Use of Personal Cellular Telephones, is also being requested to amend language to allow flexibility in determining the source for the payments. Other rider changes generally reflect the appropriate date or other technical corrections. The agency also recommends deleting a number of riders that appear to apply only to the current biennium and to the Children's Trust Fund as an independent state agency.

In closing, we wish to express our appreciation to the thousands of dedicated PRS employees who work to assure that vulnerable children and adults receive services they so desperately need. Given that the demand for services in Texas state government will likely exceed the funding available for the next biennium, the agency recognizes that funding for enhanced services may need to be delayed for future consideration. However, we hope that funding can be found to maintain current services and avoid losing ground on the significant gains made in recent years.