

**FINANCING APPROPRIATE CHILD WELFARE SERVICES**

**All children deserve care, protection, and the best services to achieve and maintain a safe and permanent family, and to become a contributing member of society.**

THE CHILDREN'S COALITION OF INDIANA WILL ADVOCATE AND SUPPORT THE FOLLOWING:

*Advocacy*

- ◆ Investing in permanency options including adoption, kinship and independent living services.
- ◆ Building on the strengths of Indiana's child services systems by supporting and safeguarding the diversity of programs, services, and providers at the community level to continue to meet the unique needs of children and families.
- ◆ Implementing safeguards that assure adequate funding levels to meet the changing needs of children within the budget cycle.
- ◆ Investing in early development and prevention services to decrease long-term problems.
- ◆ Evaluating outcomes of services for accountability to children, families, and taxpayers.

*Legislative and Administrative Action*

- ◆ Establish through legislation a child services commission that works to:
  - Assure that children are provided the most appropriate care and treatment that meet their special needs in the most family-like setting.
  - Ensure that funding mechanisms allow services to be provided that are best practice, in the best interests of the individual child and family, incorporate research and are not based solely on the cost as the determinant of use.
  - Increase federal dollars into Indiana, particularly under Title IV-E, Medicaid, and other sources and maximize each child's eligibility for federal programs. Where possible, streamline processes for determining eligibility.
  - Assess the impact of reverting child and family funds to the state's general fund on maintaining adequate funding levels to meet the changing needs of children and their families and consistently maintain the availability of a diverse array of community services.
  - Ensure the flexible use of funds to meet the unique needs of children.
- ◆ Establish an appeals process in statute or Department of Child Services (DCS) rule for contract and rate

decisions:

- ◆ Ensure that payments to providers are based on the full cost of care and services, and that the payments are made within 60 days of claim submission.
- Due process of adverse actions.
- ◆ Assure continuity of funding of child and family services required under Federal Titles IV-B and IV-E through an ability to augment the state's appropriation between budget cycles.
- ◆ Legislative or administrative action to restore eligibility for adoption subsidy to non-title IV-E eligible adoptive children.

*Implications of Non-Action*

- ◆ Children may not receive needed services, families may have to wait for services and the risk of further abuse and neglect may increase.
- ◆ Fewer children may be adopted or achieve permanency if funding is not available to support adoptive parents.
- ◆ Outcomes for families and their children may decline if children and families are not able to get the right services at the right time that they need to reunite with their children.
- ◆ Providers of services will be forced to use up their reserves or extend their borrowing if they are not reimbursed the full cost of care and/or if payments are delayed. Some providers in both rural and urban areas have had no choice but to close their doors due to financial problems.
- ◆ Costs of providing services to children will shift to other state-funded programs in the Department of Correction, Division of Mental Health & Addictions, and Medicaid.
- ◆ Costs of providing services will be further shifted to the private sector, where agencies are already under-resourced. Likewise, United Way organizations and community foundations do not have the resources to

support the funding of these vital services.

## **RATIONALE: FINANCING APPROPRIATE CHILD WELFARE SERVICES**

Indiana experienced an increase in the number of child abuse and neglect cases in SFY 2009 when compared to 2008. In Indiana, 114,907 investigations of abuse and neglect were made during SFY 2009 as compared to 109,499 in 2008. Of these investigations, 21.5% were substantiated. In SFY 2009, the Child Abuse and Neglect rate in Indiana increased to 15.6 per 1,000 children, up from 12.6 per 1,000 in SFY 2008. In Indiana, 71.5% of all substantiated cases in SFY 2009 were for neglect.<sup>28</sup> Although the data reflects growing demands for services, the budget for child services has continued to be reduced.

Under state and federal law, children are entitled to protection, care, and treatment. In addition to providing for this basic protection, care, and treatment of its children, the Indiana Code stipulates that a child has the following rights: to be placed in the most family-like and least restrictive setting that is close to the parent's home and that meets the child's special needs; to be placed in a setting that meets certain standards for the safety of the child; to have an individualized case plan and to have a court make determinations about the child's best interests and needs.

In 2008, HEA 1001, which addressed property tax issues, shifted the funding of services to abused, neglected, and delinquent children from county property taxes to the state general fund through an increase in the state sales tax. The legislation included provisions to assure fuller state participation in the federal Title IV-E Foster Care and Adoption Assistance, as well as the federal Title IV-B Child Welfare and Family Preservation, programs. These entitlement programs carry with them certain expectations of due process, standards of care and treatment, and requirements that the state act in the best interests of children in providing care and treatment in the most family-like setting that meets the child's special needs. Services must meet the unique needs of the child and his/her family.

Quality evidence-based services for abused and neglected children are threatened by Indiana's economic crisis. This crisis has not only threatened the assurances by state government that services to vulnerable children and their families would not be compromised by the change in funding from county to state, it has contributed to a steady decline in payment for services. In many instances, the cost burden for services to our most vulnerable children has been shifted to the service providers and adoptive and foster parents with dire consequences. Examples of this shift: (1) several state administrative changes were made in the amount of adoption subsidy and the children who are eligible to receive subsidies in January 2009. These changes include reducing payment of adoption subsidies, and allowing DCS to suspend payment of adoption subsidies to adoptive families of special needs children if state funding is insufficient to meet payment obligations. This change resulted in currently 387 children who have been adopted from foster care and are now on the State Adoption Subsidy waiting list. Adoptive families will no longer have the safety net of resources that they need to prevent disruptions of these special needs adoptions. Research has shown that each special needs adoption saves over \$21,000 within 7.7 years, even with an adoption subsidy.<sup>29</sup> (2) Service providers filed litigation against DCS to prevent their per diem rates from being reduced by DCS to 4-26% below the CY 2008 rates. Faced with increases in health care, utilities and food costs, agencies were struggling to meet their financial obligations, and many were forced to tap their limited reserves, reduce staff and decrease services to children. Judge Sarah Evans Barker enjoined DCS from making the proposed cuts in a January 20, 2010 ruling that children were likely to be harmed by the cuts.<sup>30</sup> Settlement discussions between DCS and IARCCA (an Association of Children & Family Services) are underway. It has been difficult for agencies to maintain the licensing standards established by the state as they attempt to maintain the safety of children and achieve positive outcomes for children. Some agencies closed their doors or suspended their child welfare programs. In the past several years, twenty-two (22) foster care and residential care agencies or programs have closed in areas as diverse as Gary (Lake County), Anderson (Madison County), Logansport (Cass County), Indianapolis (Marion County), and Bloomington (Monroe County). Without local providers, children must be placed further from their home community, and more children may be placed out-of-state. State government is not prepared to provide 24-hour care and treatment to abused, neglected, and delinquent children without the providers on whom they currently rely.

Historically, Indiana's system of care for vulnerable children and families thrived through public-private partnerships. These partnerships remain critical to maintaining and advancing reforms that achieve positive outcomes for children. Evidence shows that providing adequate, well-trained staff and services is the best approach to protecting children, supporting families and providing timely, appropriate intervention. Indiana's public-private system of care is predicated on open communication

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<sup>28</sup> Kids Count in Indiana 2010 Data Book, Indiana Youth Institute.

<sup>29</sup> North American Council on Adoptable Children. (2010). Adoption Subsidy Resource Center. Josh Kroll, Project Director.

<sup>30</sup> Entry Granting a Preliminary Injunction, Case 1:09-cv-01574-SEB-JMS, filed 01/26/10, U.S. District Court, Southern District of Indiana, Indianapolis Division

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between providers and DCS and timely and adequate payments to providers for services rendered. Funding for child welfare services should be assured at the full cost of care and treatment. Safeguards should be in place to assure that Indiana continues to build on the strengths of its child welfare system and continues to offer a full array of services to vulnerable children and their families.