Foster Care and Adoption Agencies of Colorado
Presentation to the Long Term Fiscal Stability Commission
July 29, 2009

My name is Jim Barclay and I am President of Lutheran Family Services of Colorado a statewide multi-service non profit human service agency, serving Colorado for the past 60 years. Our largest program area (of seven) is foster care where we serve up to 200 children a night in over 160 foster homes along the Front Range and Eastern Plains. We have regional foster care offices in Ft Collins, Denver and Colorado Springs serving children under contract with 18 counties and one tribe. I am here today representing an association of Child Placement Agencies (or CPA's) known as, **Foster Care and Adoption Agencies of Colorado.** I am privileged to serve as President of FCAAC and I thank you for the opportunity to present our perspective on funding challenges for foster care services in Colorado.

1. FCAAC is an association of 25 private CPA's serving the entire state with programs ranging from traditional mom and pop foster care; to foster-to-adopt; receiving homes; group homes; therapeutic and treatment foster care; and foster care for special needs children; unaccompanied refugee minors and for those who are referred from youth corrections. The state began licensing CPA's in the early 70's to become specialists in the care and treatment of children and youth with higher needs than are typically addressed in county foster care homes and many of our FCAAC members have been in partnership with the state and counties in this endeavor for over 30 years. On any given night in Colorado, half of all the children in foster care placements are sleeping in foster homes operated by private Child Placement Agencies.

2. Over the past eleven years since SB-218 moved the Foster Care rate setting authority from the state to the counties, CPA's have had to confront steady increases in service expectations; rules; regulations; staff credentials and training; salaries; benefits; liability insurance; legal fees; background check fees; audit fees; occupancy costs and mileage reimbursement. Most importantly, the acuity level of the children and youth needing foster care placement has continued to rise sharply as more and more children formerly placed in residential treatment centers, are being referred for foster care placements in the open community. However, while standards of care and the needs of children have been increasing, foster care reimbursement rates have, in the main, remained stagnant or have actually declined.

3. In the past decade, several COLA's have been approved by the General Assembly for community providers, but only a few counties have actually passed through some of these increases to CPA's. Ironically, CPA's have continued to increase payments to foster care homes to the degree that in general, 65% of every negotiated dollar CPA's receive, goes to their foster parents, and only 35% supports case management and administration. This formula is the reverse of how

most counties distribute revenues in their own foster care homes. While virtually every other type of out-of-home care provider in the Child Welfare system has benefited from regular COLA's and rate increases over the years, the needs of the private community foster care sector have been neglected to the point that its continued existence is in jeopardy.

4. In 2003 there were approximately 74 private Child Placement Agencies in the state with foster care and adoption services. Today, there are only about half that many remaining. While some of the attrition can be attributed to providers being closed by the Department of Human Services for failing to meet licensing standards, far more seem to have closed their doors due to unacceptable financial losses perpetuated by inadequate funding. The resulting trend today is for fewer and larger CPA's serving larger and larger geographic areas. This demands even greater organizational capacity from CPA's and yet the reimbursement levels continue to barely fund minimum standards of care, oversight and supervision.

5. FCAAC believes that the Child Welfare System in CO has been under-funded for many years and that has put the counties in an untenable situation that demands that they try to meet rising child welfare needs while eliminating cost overruns. The current rate setting approach requiring that CPA's negotiate individual rates for every single child from 64 ends up perpetuating a system that prioritizes cost containment at the expense of an authentic assessment of client need. CPA foster care has been relegated to the bottom of the child welfare food chain, often turning many of our negotiations into an adversarial struggle about literal dollars and cents, rather than about what the state, counties and CPA's might otherwise mutually agree is best practice for the care of these most vulnerable of children. We believe the underfunding of child welfare directly correlates to negative practice issues such as multiple placement disruptions, splitting up of sibling groups and an over reliance on in-state and out-of-state institutional care that is neither cost effective or appropriate in many circumstances

6. HB1025 was passed during the 2008 legislative session, which required that counties negotiate rates with participation and agreement from the Child Placement Agencies. It also required that COLA's approved by the General Assembly be passed through to CPA's; and that CDHS promulgate rules needed to insure that this process is carried out fairly. A rule was subsequently passed by the CDHS State Board that instructed counties regarding rate setting, negotiations and the future treatment of COLA's, but only 4 counties are known to have actually passed through some portion of the approved 2008 COLA to CPA's.

This is all very important information when considering cost cutting requirements that may be required from the Department of Human Services in the current and following budget years that will eventually spill down through Counties to CPA's. As reported by a JBC analyst in the 2009 legislative session, "demanding additional cuts from the remaining 35 or so CPA's that provide foster care, will result in further agency closures and eliminate an unacceptable portion of the safety net for Colorado's most vulnerable children". However, as state revenues continue to fall below expectations, we fear counties will again look to CPA rates to makeup some of that shortfall, and vulnerable children will be the ultimate losers once again.

Children in the foster care system don't have many public advocates. Their parents are marginalized, in jail or in rehab and they don't tend to vote or write checks to political parties or candidates. Workers in the public and private sectors of the child welfare system have great insight, ideas and experience about what may be best practice with at-risk children, but due to lack of adequate and dependable funding, spend too much of their time trying to contain costs and impossible caseloads and they quietly burnout and go away dreaming of the ideals that led them into human services in the first place.

Our primary recommendation to this Committee is to help the state find a way to determine the actual cost of foster care in county and private child placement agencies <u>and then to advocate for flat case rates for all foster children,</u> differentiated only by age (0-13; 14-18) and extraordinary treatment needs. This would immediately reduce or eliminate considerable spending devoted to individual child rate negotiations between counties and community providers that is not based on verified needs nor verified expenses to meet those needs, to begin with. We doubt more money would be needed in this part of the child welfare system if it were distributed based on standardized assessment of child needs and standardized analysis and averaging of the cost of care. This approach is currently successfully practiced in El Paso and Mesa counties and is adjusted from time to time by cola's awarded by the general assembly or when cuts are needed per budget constraints, and always with the participation and agreement of county and CPA's acting together.

Thank you for this opportunity to shed some light on the impact and vulnerability of the public/private foster care network in caring for Colorado's most vulnerable children.

Respectfully submitted by:

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