

**MINUTES OF THE
LEGISLATIVE COMMITTEE ON CHILDREN,
YOUTH AND FAMILIES
(*Nevada Revised Statutes 218.53723*)
October 21, 2002**

The sixth and final meeting of the Legislative Committee on Children, Youth and Families (*Nevada Revised Statutes 218.53723*) was held at 10:00 a.m. on October 21, 2002, at the Grant Sawyer State Office Building, 555 East Washington Avenue, Room 4401, Las Vegas, Nevada. The meeting was videoconferenced to the Legislative Building, 401 South Carson Street, Room 2135, Carson City, Nevada. Exhibit A is the Meeting Packet and Agenda and Exhibit B is the Attendance Roster.

COMMITTEE MEMBERS PRESENT IN LAS VEGAS:

Chairwoman Barbara Buckley
Senator Joseph Neal, Jr.
Senator Valerie Wiener
Assemblywoman Ellen Koivisto

COMMITTEE MEMBERS PRESENT IN CARSON CITY:

Senator Bernice Mathews
Assemblywoman Sheila Leslie

COMMITTEE MEMBERS ABSENT:

Senator Raymond Rawson
Senator Maurice Washington
Assemblyman John Carpenter
Assemblyman Joseph Dini

STAFF MEMBERS PRESENT:

Mark Stevens, Fiscal Analyst, LCB Fiscal Analysis Division
Larry Peri, Senior Program Analyst, LCB Fiscal Analysis Division
Allison Combs, Principal Research Analyst, LCB Research Division
Leslie Hamner, Deputy Legislative Counsel, LCB Legal Division
Sherie Silva, Secretary, LCB Fiscal Analysis Division

EXHIBITS:

Exhibit A - Meeting Packet and Agenda
Exhibit B - Attendance Roster
Exhibit C - Nevada's Integrated Child Welfare System – Future Funding Plan
Exhibit D - Power Point Presentation – Future Funding Plan
Exhibit E - Position Paper - DCFS/CW Employees as Foster Parents

A. ROLL CALL

Chairwoman Buckley called the meeting to order at 10:15 a.m. The secretary called the roll; a quorum was not yet present.

B. APPROVAL OF MINUTES OF THE AUGUST 28, 2002 MEETING

Since a quorum was not yet present, approval of the minutes was deferred.

C. PRESENTATION OF THE PLAN FOR FUNDING THE PROVISION OF CHILD WELFARE SERVICES IN NEVADA (Section 132 of Assembly Bill 1, Chapter 1, Statutes of Nevada 2001 Special Session)

Chairwoman Buckley explained this was the final meeting of the committee, and the hearing would be principally devoted to deciding on and recommending a plan for future funding of child welfare services. The plan would be presented to the Legislative Interim Finance Committee at its November meeting, as well as to the Governor. She said the funding plan had been worked on extensively by many individuals and entities, including Mike Willden, Director of the Department of Human Resources, the Division of Child and Family Services, the Governor's Office, Washoe County, Clark County, countless advocates, and consultants. The committee had previously heard a brief overview and general recommendations of the plan, but a more refined version would be presented at this meeting. She asked Mr. Cotton to proceed with the presentation.

Edward Cotton, Administrator of the Division of Child and Family Services, referred committee members to a document that had been distributed earlier – *Nevada's Integrated Child Welfare System – Future Funding Plan* (Exhibit C). He explained the document contained the actual plan and support documents for his presentation, and he would provide a brief review of the plan and the options available.

Mr. Cotton recalled that DCFS had submitted a proposed future funding plan on September 15 for the committee's review. Based on comments and issues that arose at that time, the division had continued to work with Washoe and Clark Counties to develop a future funding plan that would consider the costs of integrated services in Fiscal Years 2004 and 2005, and would propose funding options and additional considerations.

The first issue to be raised, Mr. Cotton continued, was that the plan was developed under the basic principle that the goal of integration was to improve delivery of services, not to change or shift fiscal responsibility in either direction. He believed the proposed plan would accomplish that goal.

In conjunction with a Power Point presentation (Exhibit D), Mr. Cotton reviewed the Assumptions for Estimating Costs. Some of the assumptions the entities had to work through in discussing front-end and back-end services included:

- Child Protective Services (Front-End):
 - Preventative Services
 - Investigation of Abuse and Neglect
 - Family Assessments
 - Emergency Shelter Care and/or Short-term Foster Care
 - In-home Services

- Child Welfare Services (Back-End):
 - Placement Services (Family Foster Care, Higher Levels of Care)
 - Case Management for Foster Care and Adoptions
 - Independent Living Services
 - Family Preservation
 - Foster Care/Group Home Licensing

Other assumptions made in estimating costs were:

- Staff-to-Caseload Ratio Standards
 - 1:28 staff to children for foster care case management
 - 1:35 staff to children for special needs adoptions

- 1:53 staff to children for non-special needs adoptions
- Placement Services Caseload Projections
 - Growth Rates Applied (based on population growth for 0-19 years of age):

	<u>SFY 04</u>	<u>SFY 05</u>
Clark County	4.02 %	3.43 %
Washoe County	1.41 %	1.29 %

Mr. Cotton pointed out the growth rates used were those that had been approved by the committee at the June 28, 2002 meeting.

- Adoption Subsidy Caseload Projections
 - 20% Growth Rate in Eligible for Adoption Subsidy
- Family Foster Care Reimbursement Rates
 - Washoe County: \$40 per day for first 90 days
 \$30 per day thereafter
 - Clark County/Rural Nevada: \$19.50 per day 0 – 12 years
 \$22.50 per day 13 – 18 years
- Respite Care
 - 7 days per year, per child

Mr. Cotton recalled that the family foster care reimbursement rates had been an issue of contention, but the rates reflected were those approved by the committee at the August meeting. The respite care was originally proposed at 14 days per year per child, but there were concerns about families spending that much time away from the child; therefore, a compromise of 7 days per year per child was reached.

Mr. Cotton then outlined funding considerations:

- Federal Funding Participation
 - Washoe County – 32.7% Federal Reimbursement
 - Clark County – 36% Federal Reimbursement

Mr. Cotton explained that the federal funding participation had been difficult to predict due to recent changes in federal legislation, and another change was proposed for October 1. There were also significant increases in TANF caseloads, and the TANF amounts were difficult to predict.

- Funding Formula Options
 - State Only with County Maintenance of Effort (MOE)
 - County Only with State Maintenance of Effort
 - County Block Grant
 - State/County Sharing with Constant Rate
 - State/County Sharing with Variable Rate

Mr. Cotton reminded committee members there had been a lengthy presentation on the funding formula options at the last meeting, and it was ultimately agreed to adopt the fourth option, State/County Sharing with Constant Rate. He noted there were some differences in funding for Clark and Washoe Counties that would be discussed later.

Continuing, Mr. Cotton said another funding consideration was a funding swap, and the following three options were considered:

- Medicaid Long-Term Care County Match Program

- District Court Costs
- Ad Valorem Tax Swap

Mr. Cotton said the last two options were eliminated fairly early in the process as not being workable for various reasons, so it was agreed to pursue the first option. It was also agreed that the swap would be applied first to salaries, operating costs, and indirect pool costs, and if the swap wasn't equal, the residual would be applied toward placement costs. Mr. Cotton again noted that detailed back-up documentation was included in Exhibit C.

Mr. Cotton then presented a graph of the Estimated Costs for Fiscal Years 2003, 2004 and 2005, noting that the costs were based on the 28:1 ratio (see page 7 of Exhibit D). Page 8 of Exhibit D reflected the estimated funding for those fiscal years, both federal and General Fund.

Moving to the recommendations and funding alternatives, Mr. Cotton explained there were three possible funding options. Ms. Klein-Rothschild would be reviewing the first option, and Mr. Cotton introduced Mike Capello, Director of Washoe County Social Services, to discuss the second option (see page 13 of Exhibit D).

Mr. Capello explained it was the consensus that if the counties could offset the child welfare operating and salary costs with the swap of the long-term care match program, many issues would be alleviated, e.g., different salary structures. The counties would assume responsibility for salaries and operating costs into the future; those costs would not be a part of future negotiations with the state, nor would they be brought back to the Legislature for funding. That then essentially left the Purchase/Placement costs and Other Purchase/Placement costs that would need to be shared in some equitable manner. As stated earlier, Mr. Capello continued, the focus was not to shift fiscal responsibility but to see if there was a methodology that could be used to help keep the balance of obligation moving forward. Option 2 would assume that the salary and operating costs would be off the table; the swap value would be applied (about \$4.6 million in Washoe County as of this year), and whatever was left over would be offset with DCFS back-end placement costs. Mr. Capello explained that, in summary, the swap would involve:

- DCFS placement costs at the time the swap occurred;
- The county's front-end costs; and
- The ratio of responsibility at that point would be the ratio applied moving forward. As costs grew in Purchase/Placement and Other Placement, they would be shared at that ratio moving forward. In the case of Washoe County, the last calculation resulted in a 50-50 ratio.

In other words, Mr. Capello continued, if any additional costs were experienced as a result of more children in foster care, growth in adoption subsidies, etc., Washoe County would share the responsibility with the state at a 50-50 ratio into the future. Salaries would be regulated by the swap and therefore would not be revisited; the ratio would solely affect Purchase/Placement and Other Placement costs.

Mr. Cotton said that because Washoe County had been administering the pilot project for some time, DCFS concurred that Option 2 could be implemented. However, Option 1 was different in that although the swap would be implemented in the same manner, fiscal responsibility for both front-end and back-end costs would still remain separate and different for a period of time. He then asked Susan Klein-Rothschild to address Option 1.

Susan Klein-Rothschild, Director of Clark County Child Welfare Services, said that Clark County agreed in concept that it wanted to move in the same direction as the state and Washoe County, i.e., shared funding, shared risks, and shared benefits. However, since Clark County's integration had been delayed, the county had not had the opportunity to have experience in actually providing the services. She said the county would like to move ahead in programmatically doing what is best for children and families, i.e., move the children, move the cases, begin to streamline, but take slower steps in the process with regard to the funding aspects. In essence, Ms. Klein-Rothschild explained, Clark County would like to move forward with the swap as described earlier, i.e., salaries, operating, and direct costs. However, for an interim period of time, the county would maintain responsibility for the front-end costs and the state would maintain responsibility for the back-end costs that would not be covered. Again, she continued, this would be an interim situation fiscally until the county could reach a point where it had gained experience, knowledge, and actual costs to establish a similar kind of percentage basis.

Option 3, Mr. Cotton explained, was actually a combination of Options 1 and 2, i.e., Option 2 would be implemented

in Washoe County immediately, and the state would remain responsible for the back-end costs in Clark County until the county was comfortable with the constant-rate funding formula.

Ms. Klein-Rothschild pointed out that there were some inaccuracies in Tables 5 and 7 of Exhibit D (pages 11 and 14) and the amounts were incorrect. Mark Stevens, Fiscal Analyst, asked if the correct figures could be provided. Ms. Klein-Rothschild replied that Susan Laveway could provide the correct information.

In summary, Mr. Cotton said because the integration process was new, it would involve some risks, both to the counties and the state. He asked Diane Jungwirth, Deputy Administrator of the Division of Child and Family Services, to address the risks from the state's point of view.

Diane Jungwirth, DCFS Deputy Administrator, said a number of risks had been identified, five of which were considered potentially significant.

- The growth rate in the county match program could outpace the growth in child welfare expenses for salaries and operating;
- One party or another could face unexpected costs under the funding formula;
- More children would be placed into out-of-home care if the counties did not share in the costs of those placements;
- Fewer federal funds would be available than had been projected; and
- Sufficient funds would not be appropriated.

Ms. Jungwirth noted that with the significant organizational changes going on during the child welfare integration, it would be difficult to project what the organization would look like in two years. She said the division believed that the first and second risks could be offset somewhat by a one-time true-up. She noted specific details were found on page 15 of Exhibit C. The division was proposing to schedule a one-time true-up in two years if there were significant problems; the percentages could be changed moving forward.

With regard to federal funds, Ms. Jungwirth said it was difficult to project what federal funding participation would be available, and she noted that some TANF dollars were included in the proposed budgets, but the TANF allocation was unknown. She said there was also a new issue regarding Targeted Case Management (TCM) and whether or not it was appropriate to use federal Medicaid funds to pay for TCM in child welfare services. Both Washoe and Clark Counties' budgets included significant dollars for targeted case management.

The last risk, sufficient funds would not be appropriated, also tied into the federal funding. Obviously, Ms. Jungwirth commented, if sufficient federal funding was not received, funds would not be available to move forward. She then asked Mike Capello and Susan Klein-Rothschild to comment on the risks that would be more applicable to the counties.

Mr. Capello said once Washoe County became the provider of a service, it had an obligation under statute and to the community to provide the service at some level, regardless of what decisions state or federal policymakers made. Therefore, the county had assumed a significant risk by taking on programming in which the funding stream was as vulnerable as perhaps child welfare funding had become. Mr. Capello noted the county had been working with TANF on the front-end of child welfare for a number of years without experiencing any problems. Along with the economic downturn and 9-11, the state had informed the county that the TANF allotment would be cut by three-quarters in the budget that had already been approved. Clearly, Mr. Capello remarked, the county recognized that those risks continued to exist. Now suddenly the federal government was tightening up certain policies that may or may not limit the county's ability to target case management, which had successfully been done under the State Plan since 1999. This possibility may jeopardize another \$1.8 million on the front-end of the child protection services (CPS) system for the county, and somewhere between \$1.4 and \$1.6 million on the back-end of future funding. Mr. Capello acknowledged those changes were beyond the state's control. Finally, it was also unknown whether the State Legislature would continue to appropriate funds at the base level 50-50 sharing of costs. Would the county be able to

approach every Legislature with the confidence that the costs would be reimbursed at 50-50? He recalled Dennis Zeller of Hornby & Zeller Associates pointing out that oftentimes the counties were faced with appropriation levels from the state at less than what was expected, and the counties would have to make further adjustments.

Mr. Capello said that even with all the risks, the county believed there would be benefits. Unfortunately, he added, a benefits section for integrating was not included, but there were a lot of benefits and potential savings. There could also be discussion on the risks of what not integrating would mean to the system, the state, and the children in the child welfare system.

Chairwoman Buckley asked if the same Power Point presentation would be made to the Interim Finance Committee. Mr. Cotton replied it would, along with any recommendations from the committee.

If the committee approved some form of the funding formula, Chairwoman Buckley asked that the county's risks be included in addition to the state's risks, as well as a page on the benefits of integration, in order to fully inform the members of IFC. Mr. Cotton noted those items were discussed on page 2 of Exhibit C, but he would make them a part of the Power Point presentation.

Chairwoman Buckley commented that she had also heard concerns about the risk to the counties in the event long-term care growth increased because of the Baby Boomer population. The state had the authority to shift anything to the counties at any time. She recalled that a shift was actually proposed in 1993, although it was defeated at the last minute. However, she added, since there had been such a tremendous partnership over the years, hopefully that would not occur.

Ms. Klein-Rothschild said she appreciated the Chairwoman's remarks. She noted there were other county risks as well, one of which was that the state had the ability to implement changes in regulations that could require additional costs at the county level. Also, there were many changes unknown at this point, both for the state and the counties. Yet, she added, the benefits for children and families had been well proven in other states, indicating strong support that the integration needed to move forward. However, Ms. Klein-Rothschild cautioned, a planned, thoughtful, approach would need to be taken in terms of funding so that all the risks would be minimized and all issues addressed.

Concluding his Power Point presentation, Mr. Cotton said he would be happy to provide more information on issues that had been previously addressed if needed. Returning to the three funding alternatives, he said the question remained where the committee stood on those items, and he offered to provide additional information on those issues as well.

Chairwoman Buckley said it made sense to try to move the integrated system forward; more strides could be made in the system by having a shared buy-in to Phase II, i.e., the Purchase/Placement costs. The counties and state would be forced into becoming partners and hopefully develop better practices in providing services to children as they entered the system instead of going to higher levels of care, which were more expensive and ultimately hurt children. She also agreed that, along with Clark County's lack of experience in administering the foster care system, it was hard for the county to encounter a six-month delay now and another six-month delay during session.

Chairwoman Buckley said one compromise could be to have Washoe County adopt the Purchase/Placement model now, and Clark County adopt it after a certain period of time, possibly 18 months, to allow Clark to transfer the workers and cases and have some experience administering the system before asking them to assume full responsibility. She felt the approach would have a lot of benefits and would demonstrate that the fully integrated system was being moved along in the next biennium, but the county's concerns would also be addressed.

Assemblywoman Leslie believed the approach outlined by Chairwoman Buckley was a good one. Washoe County had done a good job in preparing for the integration, but she was uneasy about whether the county felt comfortable with the information received from the state in regard to such items as Title IV-E eligibility. She recalled there had been discussion at the last committee meeting about the cases transferring to the county without the proper court orders, and therefore those children would not be eligible for Title IV-E. There was testimony that the problem had been resolved, but Assemblywoman Leslie was told after the meeting that there had been a misunderstanding. The problem had been resolved for those cases that had already transferred, but there were still 100 more cases transferring in January 2003. She asked if the court orders were correct for those cases. Were those children going

to be eligible for Title IV-E? Was there agreement on the penetration rate? Was everyone comfortable that enough information had been received from the state to move forward with the Washoe County portion of the funding plan?

Mr. Capello affirmed the county was not yet comfortable with the potential IV-E penetration rate in Washoe County. On the front-end of the system where IV-E eligibility was currently determined, the county was seeing about a 55 percent rate of eligibility. Therefore, 55 percent of all children placed in foster care in Washoe County met the IV-E eligibility criteria. Mr. Capello explained that in the first phase of the integration, 135 DCFS children were transferred to the county with their caseworkers. Because of problems in the Reno office with the proper court orders, a good percentage of those children were not IV-E eligible. He said a concerted effort was made to work with DCFS and the Attorney General's Office to remedy the court order problem for those children who were otherwise eligible for IV-E. Mr. Capello said of the 135 children, those who could be made IV-E eligible had been processed. Approximately 200 children would be transferring to the county in January, and DCFS and the Attorney General's Office had been working to get those court orders restored. Mr. Capello was unsure of the exact status of those orders, and therefore the county was unsure of its ability to achieve a penetration rate higher than 55 percent. Once those children transferred, mathematically they would blend into the county's front-end 55 percent; if a disproportionate number of those children were not eligible, the county would be impacted. If more than 55 percent were eligible, it would help the county's 55 percent. The eligibility rate was unknown once the two sides, the 200 children to be transferred and the existing county children, were blended.

Mr. Capello explained the plan was based on Washoe County being able to achieve a 60 percent penetration rate. In theory, the county should be able to reach 60 percent, since children coming from lower-income families tended to stay in the system longer, so the longer the child was in foster care, the more likely he/she came from a family of poverty. One of the key criteria for Title IV-E was the family had to meet certain income guidelines that demonstrated they were impoverished when their child was placed into foster care. In Washoe County, the reality was there were probably fewer children coming into the foster care system than in Clark County who would meet those income criteria. Mr. Capello felt confident that 55 percent was a viable number; he believed the number could be higher, but the county still needed data to know that for sure.

Assemblywoman Leslie said she still felt uncomfortable, and she wondered if there would be an opportunity during the true-up to address the issue. She asked if the state could shed light on the status of those 200 cases.

Mr. Cotton replied the problem was that DCFS had to review each of the 200 cases individually by hand. He expected accurate data to be available within two weeks, which would allow time to work on the formula prior to the meeting of the Interim Finance Committee.

Chairwoman Buckley suggested the committee could adopt a funding formula at this meeting and give her authority to work with staff to continue to make refinements and crunch numbers. The parameters of the funding formula would not be changed, but the formula could be refined as additional information was obtained. Assemblywoman Leslie's questions needed to be answered, and the formula needed to be crystal clear before presentation to the Interim Finance Committee.

Assemblywoman Leslie concurred with Chairwoman Buckley's suggestion. She noted that she and Senator Mathews served on the Interim Finance Committee, and they would want to be able to wholeheartedly support the funding formula and not have any of these questions hanging. She recognized developing the formula would be a push, but she felt strongly there should not be any confusion about any numbers on November 21. Mr. Cotton said DCFS was making a commitment to have the formula completed within two weeks.

Chairwoman Buckley noted she did not see the issue of the severely emotionally disturbed (SED) children in the funding plan. She did not want to lose sight of the fact that funding had been cut for services to SED children. Mr. Cotton explained the SED issue was separate from the state and county funding formula.

With regard to the true-ups, Chairwoman Buckley said she understood the concept to be that if the state or either county earned a little less or a little more than projected during the biennium, the difference would not be addressed. The purpose of a true-up would be for incorrect major assumptions on either the long-term care or child welfare side. She asked if she was correct in her understanding.

Mr. Cotton replied he concurred with Chairwoman Buckley's understanding. As the three entities had reviewed the risks, they noted some risks that could have major impacts. A few dollars here or a percentage there would not be an issue.

Chairwoman Buckley asked if the true-ups would occur at the end of both biennia, since Clark County would start later with the Purchase/Placement costs. However, before the end of the second biennium, Clark County may have a suggestion with regard to Purchase/Placement costs, with an improved and refined version of usage of Child Haven. Since the county would be dealing with so many more children, there would be a lot of changes; she asked again if the true-ups would be at the end of both biennia in order for all of the entities to be able to consider these or similar issues.

Ms. Klein-Rothschild said that from Clark County's perspective, since the county's funding piece would be starting later, the true-up would not occur until the 2007 Legislative Session. Before that time, the county would not have had enough experience and data in terms of knowing the actual costs.

Chairwoman Buckley asked if the county might not have a different proposal for such things as Child Haven by the 2005 Session. Ms. Klein-Rothschild said discussions were being held about the possibility of having an interim period of time to measure the data as to the county's actual costs and expenditures and develop a shared funding formula that would make sense. At that point, the county would have time to make changes, if appropriate, and when a percentage was established, it would be based on some good thought and planning. Ms. Klein-Rothschild added the shared funding plan could be established earlier than was initially suggested, but the actual shared funding would not start until the county was clearly ready and in agreement with the plan.

Mr. Cotton referred committee members to page 15 of the Future Funding Plan (Exhibit C), which contained a recommendation for a one-time true-up for Washoe County at the end of the 2003-04 biennium, and one for Clark County at the end of the 2005-07 biennium to evaluate the percentages. However, he acknowledged there might be other issues in Clark County during the first biennium that could impact the percentages during the second biennium.

Chairwoman Buckley said she realized the counties were still working on different models, but she wanted to ensure there would be a time for the counties to request modifications.

From Clark County's perspective, Ms. Klein-Rothschild said the county would not establish a percentage until a period of actual experience, probably later in 2004 or in 2005.

Chairwoman Buckley said she would entertain a motion to adopt the funding formula that would include major decisions on the options that were presented, or the committee could choose to go with a hybrid which would have shared funding with Clark County commence after 18 months of experience and after the state workers were transferred.

ASSEMBLYWOMAN KOIVISTO MOVED TO APPROVE THE SUGGESTED FUNDING FORMULA ALTERNATIVE THAT WASHOE COUNTY WOULD SHARE WITH THE STATE AT A CONSTANT RATE, AND CLARK COUNTY WOULD ADOPT THE FORMULA 18 MONTHS AFTER THE EMPLOYEES WERE TRANSFERRED, AND THAT THE CHAIRWOMAN BE GIVEN AUTHORITY TO CONTINUE TO WORK ON REFINED FIGURES FOR THE FINAL FORMULA.

THE MOTION WAS SECONDED BY SENATOR WIENER.

Senator Neal asked why the 18-month time period would be needed if the number of children to be served was known. The number of staff needed could be projected based on the number of children. He did not understand the need for a period of adjustment.

Ms. Klein-Rothschild replied that there was some knowledge, but not the foresight to project exact numbers. As caseloads changed, numbers would change. It was still unknown how much federal funding would be received to support the programs. She noted that the counties had just learned that 75 percent of the TANF funds they were counting on had been removed. There would be some major unknowns during the transition period.

Mr. Cotton added that Clark County had no experience in foster care case management in terms of achieving permanencies, looking at different clientele to get children out of the system, adoptions, reunification with parents, etc. He said the time period would allow the county to learn how those issues would actually play out.

Senator Neal asked if Washoe County had the experience, and Mr. Cotton acknowledged that it did. Senator Neal asked what would be different in Clark County than in Washoe County. Ms. Klein-Rothschild said Clark County would be very different in a number of ways, such as:

- The volume in the numbers,
- Client population, and
- Agencies.

She noted that Washoe County had been providing foster care services for a number of years, and Clark County had never had experience in providing those services. The state did things differently in Washoe and Clark Counties. There were a number of factors that were dissimilar in Clark County.

Senator Neal asked if Ms. Klein-Rothschild was suggesting that the children were different in the two counties. She replied she was not; if it were just the children, the process would be easier. The factors of the community, the agency, funding, resources, and volume would make a difference in how children and families would be served, and how they would be served would make a difference in the outcomes. How long did it take a child to get into a permanent home? Statistics were not the same in the state for any part of the state. What was different? Why were some children getting unification or adoption faster than others? Ms. Klein-Rothschild said she did not know the answers, but her agency wanted to do its best to find out what would work the best in Clark County.

Mr. Cotton commented the different factors were one of the reasons for the integration to begin with. Many of the differences cited by Ms. Klein-Rothschild had come from a bifurcated system.

Senator Neal asked how long the adjustment time period would be. Mr. Cotton said the agencies had not made a recommendation in that regard. Chairwoman Buckley had recommended 18 months after the workers transferred to the county from the state.

Chairwoman Buckley noted the workers had been scheduled to transfer on January 1, 2003, but that move was delayed as a result of the budget cuts, allegedly by six months. She believed Clark County should have the benefit of hands-on experience because of their many challenges:

- Convert to the new computer system,
- Bring over 144 new employees and integrate them, and
- Examine every case for the first time.

In order to give Clark County the same timeline as Washoe and expect it to share in costs that the county was never a part of before did not seem justified. It was Chairwoman Buckley's feeling the county should receive all the workers, assume all the cases, manage those cases well, and then take an additional risk.

In the event the employees did not transfer because of the budget cuts, Senator Neal wondered if there would be funding to transfer them within the 18-month time schedule. Chairwoman Buckley replied if the money was not appropriated to transfer the workers, then Clark County would not have to share the burden. However, if the workers were not transferred, then bifurcation would not be ended and children would continue to be lost.

Senator Wiener recalled at the last meeting the committee was told that it had been recommended that Clark County would receive 35 workers, and that number was reduced to 7. Ms. Klein-Rothschild explained it was her understanding that the delay included the one-shot funding, which would have provided 35 new workers for Clark County and 144 state workers that would transition over. With the delays, the county would be receiving only 7 of the 35 new employees, and the 144 would still transfer.

Chairwoman Buckley called for a vote on the motion to approve the funding formula, with the funding alternative being that Washoe County would share with the state at a constant rate, and Clark County would adopt the formula 18 months after the employees were transferred. The motion also included authority of the chair to continue to work on refined numbers. She wanted to clarify that the Child Haven salaries would not be moving to the salaries/benefits front-end at this time; they would continue to be considered front-end Purchase/Placement costs, and the counties and the state would try to work together to develop a good formula model.

Senator Neal asked if the motion would include that the committee would receive interim reports as to what had transpired. Chairwoman Buckley said the committee and IFC members would receive further information prior to November 1, 2002.

THERE BEING NO FURTHER DISCUSSION, CHAIRWOMAN BUCKLEY CALLED FOR A VOTE ON THE MOTION; THE MOTION CARRIED UNANIMOUSLY.

Chairwoman Buckley said she assumed that the Division of Child and Family Services would be making a presentation to the Interim Finance Committee at its November 21 meeting and that both counties would be present to answer any questions. She thanked everyone for their work on the funding formula, noting that it was the next major milestone in the integration process, and she acknowledged the efforts and hard work of Mr. Cotton, Diane Jungwirth, Mike Willden, Washoe County, and Clark County. She remarked how disappointing and discouraging it was to finally obtain the funds to give SED children the treatment they needed, only to have the funds cut, as well as to face another delay in improved services for abused children, and then on top of that, have the counties' child protective services funding cut by 75 percent. She feared the effort might be losing its momentum, and she said it was incumbent upon all who cared for kids to speak out. She was hopeful there would be a good turn-out at the November 21 IFC meeting to provide support for the effort and everyone's hard work.

Chairwoman Buckley then returned to approval of the minutes.

SENATOR NEAL MOVED THAT THE MINUTES OF AUGUST 28, 2002 BE APPROVED. THE MOTION WAS SECONDED BY SENATOR WIENER AND CARRIED.

D. REVIEW AND UPDATE ON ISSUE OF EMPLOYEES OF THE DIVISION OF CHILD AND FAMILY SERVICES, DHR, SERVING AS FOSTER CARE PROVIDERS.

Mr. Cotton, Administrator of DCFS, said this issue had been raised by the Statewide Foster Parents Association at the last committee meeting. With assistance from the Legislative Counsel Bureau and others, Mr. Cotton had drafted a position paper entitled "DCFS/CW Employees as Foster Parents" (Exhibit E). He explained there was a shortage of foster homes throughout the state, resulting in an over-reliance on institutional and other higher levels of care. In addition, caseworkers were severely limited in their ability to make the best possible match when placing a child, which was a key element in preventing children from moving from home to home. With more options available, the child could be matched correctly the first time, rather than being limited by what was actually available.

Mr. Cotton said that some Nevada law and policies made it difficult for employees of DCFS and counties that provided child welfare services to become foster parents. He said the agency felt strongly that since this was their line of work, employees would be excellent foster parents and advocates for children. However, ethical issues had been raised in the past about conflict of interest. Even though there were critical issues that needed to be addressed, Mr. Cotton believed that the advantages of using this large group of potential parents would be much more positive than the issues that would have to be dealt with.

Currently DCFS social workers were not allowed to provide foster care services unless the child was emancipated, there was a court order, or there was a referral from law enforcement for emergency shelter. Mr. Cotton said the division's recommendation would be to change the regulation to read as follows:

1. *Except as otherwise provided in subsection 2, an employee of an agency that provides child welfare services may provide maintenance and special services, including foster care, to any child other than a child who is,*

or has been, a client on that employee's caseload at any time during the previous three years.

2. *An employee of an agency that provides child welfare services may provide maintenance and special services, including foster care, to any child:*
 - (a) pursuant to a court order, or*
 - (b) upon referral of appropriate law enforcement officials for emergency care.*

Mr. Cotton emphasized that caseworkers should not become foster parents to children they knew; it would raise very serious ethical issues about their decision-making in the best interest of the child. However, he continued, Section 2 of Exhibit E would provide that, in addition to becoming a foster parent to a child unknown to them or not on their caseload, caseworkers could become foster parents for a child who may have been on his/her caseload at some time, pursuant to a court order, or upon referral of appropriate law enforcement officials. The exclusions should eliminate the ethical issues. Mr. Cotton said the division would work with Clark and Washoe Counties to adopt a standardized policy to make sure the intention of the law was met.

Deanne Blazzard, Foster Care and Adoption Association of Nevada, made a statement of support for the revised policy.

Chairwoman Buckley asked for questions from the committee.

Assemblywoman Leslie said she was glad to see the safeguards included in the policy. With regard to an oversight group in the last paragraph (Exhibit E), she asked if there would be one statewide oversight group, or if each entity would have its own. Mr. Cotton replied he envisioned a statewide group operating under regulation. The ethical issues were so serious that he recommended the group be composed of a high-level membership, such as himself, Susan Klein-Rothschild, and Mike Capello, or a direct designee. He would like to eliminate the possibility of one person reviewing one agency. He did not expect many cases, but they would be major concerns when they arose.

Assemblywoman Leslie said she was comfortable with the way the procedure had been proposed.

Senator Neal asked if an individual employed by an agency that provided services to a child would now be able to provide foster-care services to that child and, if so, in what type of setting. Mr. Cotton said the policy was specifically designed to allow social workers who carried caseloads and worked with children and families to become foster parents. However, the policy excluded becoming foster parents to children on the employee's caseload. The potential foster child would have to be referred from someone else's caseload or another team. Social workers would be treated as private citizens by allowing them to become licensed foster parents.

Senator Neal affirmed the social workers would be allowed to have children in their homes, as long as they were not on their caseload. He asked if the social worker would have to report on the foster child.

Mr. Cotton replied social workers who became foster parents would have to report just as any other foster parent would, and they would work with the child's social worker and natural family to develop a service plan and work on goals for the child, but they would be treated as though they were not a DCFS or county employee.

Senator Neal asked if Mr. Cotton anticipated some type of trade-off between caseworkers. Mr. Cotton replied the procedures included a policy to have those cases reviewed by a team of representatives from the state, Washoe County, and Clark County. He acknowledged there was a possibility a situation could arise, but he believed the benefits of allowing this group of people to become foster parents far outweighed any ethical issues that might arise.

Senator Neal assumed the foster parents would be paid the same as other foster parents rendering services to children. Mr. Cotton emphasized they would not be "paid;" they would be "reimbursed" at the standard foster care rate. Senator Neal noted that the parents would be state employees and receive reimbursement for services rendered as foster parents; he asked if Mr. Cotton saw any conflict with that situation. Mr. Cotton replied he did not; he had been a foster parent for 27 children when he was employed by DCFS in Illinois, and there was never a conflict.

Senator Wiener said she appreciated the presentation. She recalled the reason for pursuing the policy was that the state was having more and more difficulty finding foster parents. She asked Mr. Cotton to review the status of foster parent

pools. Mr. Cotton said the matter tied into many other issues, including the fact that children should be placed in the least restrictive environment, which would be a foster home. The division was working on a strategic plan to spend more money on wraparound services for children in foster homes rather than having them placed in residential care. He noted it would be possible to provide many services to a child placed in a \$21 per day foster home as opposed to a \$300 per day residential home. Foster care placement also had the advantage of teaching a child how to live in a home rather than in an institution.

Mr. Cotton said even though wraparound services might be available, they were of no use if there were no homes in which to place children. He said many steps were being taken to identify homes in order to provide wraparound services. For example, in rural Nevada, where there was a severe shortage of foster homes, a program called "One Church/One Child" was being started. Mr. Cotton would be meeting with local judges and ministers and asking that every church in each town develop at least one foster home; creation of homes had actually become a community competition. He stressed these types of programs would not only prevent children from being placed in residential homes, but would also keep them in their own communities, thereby allowing reunification if possible. Mr. Cotton said the notion of developing more foster homes was multi-faceted, and allowing employees to become foster parents was only one part of it.

Senator Neal asked if the division was promoting a faith-based initiative. Mr. Cotton replied the division was promoting a foster child-based initiative. The proposed program was actually based on a program created in Chicago for adoptions. He added DCFS would also be implementing a One School/One Child program. The goal was to reach out to various groups to bring to the forefront that foster parents should come from all walks of life, and churches would be a good place to start.

Chairwoman Buckley said a motion would be needed to submit the proposal as a bill draft request.

ASSEMBLYWOMAN KOIVISTO MOVED TO REQUEST A BILL DRAFT TO AMEND NRS 432.030 AS RECOMMENDED BY THE DIVISION OF CHILD AND FAMILY SERVICES, ALLOWING EMPLOYEES OF DCFS AND COUNTY CHILD WELFARE AGENCIES TO BECOME FOSTER PARENTS.

SENATOR WIENER SECONDED THE MOTION, AND THE MOTION CARRIED UNANIMOUSLY.

Chairwoman Buckley then returned to the issue of the child welfare funding plan, noting that in the event a bill draft request was needed, either on its own or combined with another bill draft, a BDR would have to be reserved for the previous motion that was made to approve the funding plan.

ASSEMBLYWOMAN KOIVISTO MOVED THAT A BILL DRAFT REQUEST BE RESERVED FOR APPROVAL OF THE FUNDING PLAN.

MOTION SECONDED BY SENATOR WIENER.

In response to Senator Neal's request for clarification of the motion, Chairwoman Buckley explained that the motion was to direct staff to include the funding plan in a bill draft request, and if a BDR were not available, the funding plan would be combined with another BDR approved by the committee.

THE MOTION WAS UNANIMOUSLY CARRIED.

E. PUBLIC TESTIMONY.

Mr. Brian Link of Las Vegas testified that he was incredibly disappointed to learn that 100 severely emotionally disturbed children would not be receiving services as a result of budget shortfalls. He thought the state could do a lot better than that, and the message needed to be sent. He was also particularly concerned with hearing children referred to as "placements" and families referred to as "beds." He asked committee members to be sensitive to that kind of language; children had names, faces, and families, and they were being asked to pay for something they had absolutely no way of defending themselves against.

Continuing, Mr. Link said he did not want to lose sight of the workers' standard issue. He was not sure of the status of the issue, but he was aware it had been addressed, and there was a need for a standard of qualification for people to work with children in child welfare services. He believed the Licensed Advanced Social Worker (LASW) designation needed to be eliminated; people needed to be licensed, and if the front-end standard was provided, he believed it would result in reductions in the number of children coming into care. All the training in the world would not substitute for a foundational knowledge base of working with these families. He urged the committee to continue to strive toward a higher standard.

Chairwoman Buckley thanked Mr. Link for his comments and his participation throughout the past several months.

Senator Mathews expressed her appreciation for the opportunity to participate on the committee. Even though she had joined the committee late, she was aware of most of the issues and had some real concerns for all of them.

Reiterating that this was the final committee meeting for this interim period, Chairwoman Buckley thanked the members for their hard work, noting that Assemblywoman Koivisto had started this effort two legislative sessions before. She also thanked the staff of the Legislative Counsel Bureau, all of whom had worked hard to develop the data and information. She urged everyone to continue the effort to improve services for children.

F. ADJOURNMENT.

There being no further business to come before the committee, the meeting was adjourned at 11:35 a.m.

Respectfully submitted,

Sherie Silva, Committee Secretary

APPROVED:

Assemblywoman Barbara Buckley, Chair

Date: _____

Copies of exhibits mentioned in these minutes are on file in the Research Library of the Legislative Counsel Bureau, Carson City, Nevada. The library may be contacted at (775) 684-6827.