Funding Shifts: Realignment & Title IV-E Waiver

Realignment

Pre-Realignment: Foster care and child welfare services were budgeted at state level by line item.

Now: State deposits a portion of state sales tax and VLF revenues into Local Revenue Fund, which allocated to counties based on prior years' expenditures.

Title IV-E Waiver

Pre-Waiver: County received Title IV-E reimbursement for out-of-home care costs based on actual expenditures.

Now: LA County receives a fixed yearly amount based on 2002-2003 level of federal foster care (Title IV-E) funding.

Fiscal Decision Shifts: Realignment & Title IV-E

Realignment

Pre-Realignment: County received specific funding allocations for specific programs.

Now: County has discretion to shift funds within foster care and child welfare services so long as children receive benefits and services required by federal and state law.

Title IV-E Waiver

Pre-Waiver: County could only spend Title IV-E funds on youth in out-of-home care who met IV-E criteria.

Now: County can allocate federal funds across foster care, child welfare services, adoption and prevention programs. County can use funds for youth that don't meet IV-E criteria.

What fiscal incentives do realignment + waiver create for LA County?

- Lower the number of children entering the foster care system
- Reduce the length of time children have contact with the foster care system.
- Reduce placement costs per child.
- Improve coordination and cost-effectiveness across among child-serving systems

Possible Unintended Outcomes

? Cut funding for non-mandatory programs (like THP+)

? Divert relative caregivers to probate court guardianship, and create unfunded/under-funded relative placements

? Reunify families too soon, and/or finalize adoptions too quickly, without needed safeguards and supports.

? Cut specialized care rates, or decrease use of these rates, for children with special needs

Recommendation #1 – Ensure that flexibility is used to benefits children and families

BOS, DCFS and key stakeholders should convene high-level, short-term workgroups (modeled on the AB 12 Steering Committee) to develop and implement creative uses of fiscal and program flexibility provided by waiver + realignment

Examples of how LA County could use flexibility …

- Fund all relative placements equally regardless of child's Title IV-E eligibility.
- Promote housing stability for youth 18-21 through up-front funding for SILP move-in costs.
- Recruit and support more specialized therapeutic foster homes and homes for parenting teens.
- Improve access to child care for reunifying birth families, foster families, and teen parents in foster care.

Recommendation #1a: Budget Transparency

BOS, CEO and DCFS should work together to create a DCFS budget 'transparency portal' to give stakeholders clear and meaningful information about DCFS's fiscal decision-making

Prior DCFS budget format had more transparency

- 2002-2007 – “Children and Families Budget” process gave policymakers and stakeholders detailed information on DCFS spending by program & line item, in lay-person friendly language.

- 2007 - Children’s Budget process discontinued.

- 2007-2013 - Waiver + Realignment gave DCFS more discretion to shift funding.

Currently there is no publicly accessible information breaking down DCFS budget by line item or program.

Recommendation #1b: Decision-making transparency

BOS should provide specific, advance notice to child welfare system stakeholders and hold special hearing if cuts are proposed to discretionary child welfare programs

Realignment puts discretionary programs at risk

- **THP-Plus** - county option – no earmarked state fund
- **Specialized Care Rates** - county option, counties can change eligibility rules
- **Kinship support services**
- **Clothing allowance**

Recommendation #3 – Consider Reserve Account

BOS should explore pros/cons of exercising the county option created by the realignment statute to create a reserve account of up to 5% of County's protective services subaccount allocation.

Realignment + waiver exposes LA County to fiscal risk

- Child welfare and sales tax revenues are counter-cyclical: Realignment funding depends on sales tax and VLF revenue.

- **Realignment statute allows counties to create a reserve account.**

Recommendation #4
Track outcomes

BOS should request that DCFS develop and implement methods of using C-CFSR and other available outcome data to monitor impact of realignment + waiver on key child safety and permanency indicators

How will we know if realignment + waiver is benefiting or harming children and families?

- LA County must still report child safety and permanency outcomes using C-CFSR (California Child and Family Services Review) system and participate in peer reviews and System Improvement Plans (SIPs)
  - realignment statute extended SIP time period from 3 to 5 years.
- **How can C-CFSR data (and other data currently collected by DCFS) be used to guide DCFS's practice, and monitor impact of realignment + waiver?**