



The Issue:

## **FINANCING APPROPRIATE SERVICES FOR CHILDREN AND FAMILIES**

### **Children's Bureau, Inc Position:**

We believe that all children are entitled to protection, care, and adequate services to ensure a safe and permanent family and to become a contributing member of society. State, local, and federal government must participate in adequately funding prevention and resources to help children thrive.

### **We support the following Legislative and/or Policy Initiatives:**

- Develop and implement a mechanism that assures adequate funding levels to meet the changing needs of children and consistently maintains the availability of a diverse array of community services.
- Funding structures must allow for flexibility to meet the diverse needs within our state and must be able to respond to local emergency needs for increases in funding.
- Ensure that payments to providers are based on actual cost of rendering services and are done in a timely manner as defined in service contracts.
- Ensure funding mechanisms allow services to be provided that are best practices, in the best interest of the individual child and family, incorporates research and not solely focused on cost as the determinant of availability.
- Ensure the adequacy of funding for prevention services that maintain the original design of the prevention model and philosophy.
- Institute mechanisms for identifying service gaps that exist outside of current funding systems that would enhance the well-being and safety of children and families.
- Ensure the participation of service providers and other experts in the development of service contracts.
- Ensure that program decision making responsibility allows for local input, investment, and ownership.
- Monitor services for accountability to children, families, and the state taxpayers.

## Background Information:

**Children are entitled** to protection, care and treatment under state and federal laws. Indiana law provides for these entitlements, and 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; 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 oversee the actions of the Department of Child Services<sup>1</sup>.

In 2008, the Indiana Legislature passed HEA 1001, which made major revisions to State and Local Finance structures. It shifted the funding of child welfare services to the state general fund and moved most of education funding to the state. Historically, Indiana has used County property taxes through the Family and Children Fund to pay for most child welfare services. Earlier changes in the system moved the administration of child welfare services to the state while payment remained at the county level. This funding system had a mix of county, federal and state dollars with the largest burden placed on property taxes. Having 92 counties to coordinate payments contributed to a cumbersome process for optimizing the Indiana's drawdown of federal revenue.

As of January 1, 2009, payment for child welfare services changed from a payment system involving 92 counties to a single payment source, the State of Indiana. A completely new system has been developed to carry out this responsibility through the Department of Child Services (DCS). The provisions of the legislation addressed the need for local input, timely payments to providers, and the ability for the State Budget Committee to augment the allocation to the Family and Children's Fund. It also moves the cost for delinquent offenders to full payment by the state. It provides for resolving disagreements between DCS and juvenile court judges regarding case decisions. This is a major transformation impacting service provision and payment.

New contracts for services in 2012/13 budget years will dramatically change the way that child welfare services are provided to children in out of home care. Efforts are being made to draw down Medicaid dollars through unbundling of services. Unbundling means that

Boarding care may be provided by one agency, while the therapeutic services are provided by another agency. This is anticipated to decrease the cost of services that have traditionally been paid through a per diem. Foster care, group home care and residential services are directly affected by this change. Careful evaluation is needed to ensure that this new system does no harm to the children we are committed to helping.

The state has recognized the importance of local involvement in the evaluations, contracting and implementation of service delivery systems. This has been achieved through the establishment of regional service councils, which are responsible for addressing these issues and assuring availability and accountability of services in their geographical or geopolitical area<sup>2</sup>. To be effective mechanisms to monitor the delivery of services in local communities, regional service councils must be fully functional.

Although the payment transition has been implemented, there are still many challenges with the system as providers strive to provide quality, timely services to children in families. Due to the downswing in the economy, more families are utilizing prevention programs and the number of children in care has increased. According to the Department of Child Services, there were 14, 561 children in the care of the State from February 2009, which is a 7 percent increase from 13, 513 children in care from February 2007 to February 2008<sup>3</sup>. Although Indiana has been applauded by federal reviewers for the variety of programs and services available to meet the needs of children<sup>4</sup>, these programs may be jeopardized by the 3.9 percent cut of the Family and Children Fund in the 2009-2011 Indiana State budget.

As demonstrated in the increased number of children becoming victims of abuse and/or neglect over the past several years, funding streams must be flexible in meeting increased needs in specific communities and be focused on providing best practice services for each individual child. While increased services are necessary to accommodate the rising number of victims there is an equally essential need to develop methods for preventing families from entering the system. Child welfare

professionals have documented the effectiveness and efficiency of prevention services that follow the prevention model and philosophy. Recent efforts have been directed toward preventing abuse from happening through the development of evidence-based, family-focused services in the family's

community. These timely and appropriate interventions can create both a cost effective and family effective child welfare system. Nationally, it is estimate that the annual cost of child abuse is 103.8 billion dollars per year in direct and indirect costs<sup>5</sup>.

### **CBI Program Impact and Participation:**

In 2010, 84 percent of the revenue for CBI's programs came from public dollars: including per diem payments, County contracts, State contracts, Federal contracts and Medicaid.

**For more information, contact:**

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**[www.childrens-bureau.org/html/advocacy.cfm](http://www.childrens-bureau.org/html/advocacy.cfm)**

<sup>1</sup> Indiana Department of Child Services. (2007). *Demographic Trends Report State Fiscal Year 2005*.

<sup>2</sup> Indiana Department of Child Services. (2009). *Regional service council protocol*. [http://www.in.gov/dcs/files/Regional\\_Council\\_Protocol\\_Clean\\_Final\\_Draft\\_9-22-082\\_-\\_2027-2009\\_Post.pdf](http://www.in.gov/dcs/files/Regional_Council_Protocol_Clean_Final_Draft_9-22-082_-_2027-2009_Post.pdf)

<sup>3</sup> Indiana Department of Child Services. (2008). Practice indicator reports. <http://www.in.gov/dcs.2811.htm>  
[http://www.in.gov/dcs/images/DCS\\_Fact\\_Sheet\\_2009-09.pdf](http://www.in.gov/dcs/images/DCS_Fact_Sheet_2009-09.pdf)

<sup>4</sup> US Department of Health and Human Services. (2008). *Final report: Indiana child and family services review*. [http://www.in.gov/dcs/files/Final\\_Report\\_-\\_Indiana\\_CFSR\\_4-16-08.doc](http://www.in.gov/dcs/files/Final_Report_-_Indiana_CFSR_4-16-08.doc)

<sup>5</sup> Wang, C., & Holton, J (2007). Total estimated cost of child abuse and neglect in the United States. [http://www.preventchildabuse.org/about\\_us/media\\_releases/pcaa\\_pew\\_economic\\_impact\\_study\\_final.pdf](http://www.preventchildabuse.org/about_us/media_releases/pcaa_pew_economic_impact_study_final.pdf)