

Issue Brief – DCFS Out of Home Care Growth

DIVISION OF CHILD AND FAMILY SERVICES

NUMBER DHS-07-18

DCFS OUT OF HOME CARE GROWTH

As the population of the State increases and the incidence of substance abuse continue to grow, the Division of Child and Family Services (DCFS) is seeing a significant increase in caseload growth for “Out-of-Home Care”. DCFS is requesting an appropriation of \$3,795,300 with \$2,211,500 from General Funds, \$329,100 from federal funds and \$1,254,700 from federal Medicaid funds for FY 2007. DCFS is also requesting a supplemental appropriation for FY 2006 of \$708,000 from General Funds.

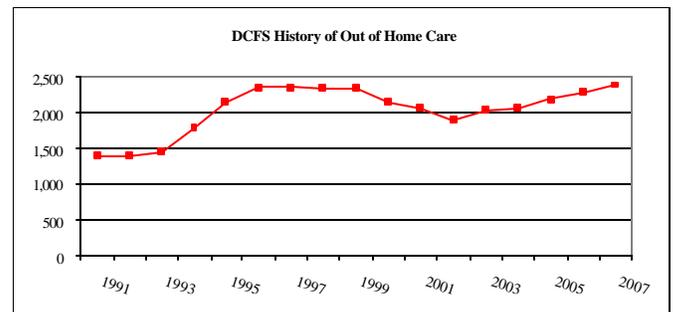
OBJECTIVE

The recommendations of this issue brief is to maintain the level of services required under Section 62A-4a-105 of the Utah Code, which requires DCFS to “provide substitute care for dependent, abused, neglected, and delinquent children...”.

DISCUSSION AND ANALYSIS

FY 2007 Out-of-Home Care Growth

The number of children receiving out of home services (foster homes and therapeutic residential services) experienced a growth in FY 2005 of 6.25 percent with a projected growth rate in fiscal years 2006 and 2007 of 4.83 and 3.95 percent respectively. The costs of the various services are also increasing. The chart to the right shows a decline in the number of foster care children from 1998 to 2002. This number is now growing again with 2,175 in FY 2005 and projected growth in FY 2006 of 2,280 and 2,370 in FY 2007.



The FY 2007 request is based on an estimated growth of 90 children in state custody, the increase in the wrap costs (additional cost for services for children in state custody above the current daily rate such as specialized treatments like psychiatric), waiver losses due to capping of enrollments by the feds, and the FY 2006 shortfall. The following table to the right shows the FY 2007 calculation for out of home care growth:

FY 2007 Out of Home Care Growth	
Cost of Increase (FY 07 Growth of 90 X \$37.93 X 365 days)	1,246,000
Increase due to wrap cost (FY 05 up \$709,550 over FY 04)	709,600
Increase due to waiver loss (17 additional children @ \$182/day)	1,131,600
Total Expenditures	3,087,200
General Fund %	48.7%
Estimated General Fund for FY 2007 Growth	1,503,500
Plus FY 2006 Shortfall	708,000
FY 2007 Total General Fund	\$2,211,500

FY 2006 Out-of-Home Care Supplemental

Even with an expected surplus balance of about \$1.2 million from FY 2006, which the Legislature authorized to be carry-forward into FY 2007, DCFS shows a deficit of \$1.9 million.

The following table shows the estimated FY 2006 expenditures and the revenue needed to cover the deficit:

FY 2006 Supplemental Appropriation	
FY 2006 Projected Revenues	34,328,400
FY 2006 Projected Expenditures	36,246,800
FY 2006 Projected Shortfall	(1,918,400)
FY 2006 Non-lapsing Funds	1,210,400
FY 2006 Supplemental	\$708,000

RECOMMENDATIONS

The Analyst recommends an appropriation of \$3,283,800 with \$1,700,000 from General Funds, \$329,100 from federal funds and \$1,254,700 from federal Medicaid

funds for FY 2007 for Out-of-Home Care Growth. Since the request from the agency is a projection of growth for FY 2007, the Analyst recommended 76 percent of the funding request which will serve about 68 children in foster care. If it appears during the first half of FY 2007 that the expenditures will exceed the funding, then DCFS may request a supplemental appropriation in the 2007 General Session. In addition, the Analyst recommends a supplemental appropriation for FY 2006 of \$708,000.