

HOUSE BILL REPORT

2SHB 2106

As Passed Legislature

Title: An act relating to improving child welfare outcomes through the phased implementation of strategic and proven reforms.

Brief Description: Improving child welfare outcomes through the phased implementation of strategic and proven reforms.

Sponsors: House Committee on Ways & Means (originally sponsored by Representatives Kagi, Roberts, Kenney and Morrell).

Brief History:

Committee Activity:

Early Learning & Children's Services: 2/17/09, 2/19/09 [DPS];
Ways & Means: 2/27/09, 3/2/09 [DP2S(w/o sub ELCS)].

Floor Activity:

Passed House: 3/9/09, 97-0.
Senate Amended.
Passed Senate: 4/16/09, 37-10.
Passed House: 4/21/09, 97-0.
Passed Legislature.

Brief Summary of Second Substitute Bill

- Directs the Department of Social and Health Services (DSHS) to convert all existing contracts for child welfare services into performance-based contracts by January 1, 2011.
- Establishes a Child Welfare Transformation Design Committee (Committee) to select two demonstration sites and develop performance measures and criteria for contracting out of child welfare case management services.
- Directs the Committee to begin meeting by June 15, 2009, and to report to the Legislative Children's Oversight Committee and the Governor quarterly from June 2009 through June 2012, and semi-annually from June 2012 through January 2015.
- Requires the Committee to develop a transition plan to achieve full implementation of contracting for all child welfare services in the demonstration sites by June 30, 2012.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

- Exempts the contracting for child welfare case management services from the civil service employee business unit competitive bid requirements.
- Specifies that the DSHS shall continue to provide statewide services for child protective services investigation and the issuing and monitoring foster home and residential services providers.
- Requires the Office of the Attorney General to provide or cause to be provided legal services to contracted providers for matters in children's dependency and termination of parental rights cases.
- Directs the Washington State Institute for Public Policy to report to the Legislature and the Governor regarding the DSHS's conversion to performance-based contracting and to evaluate any statistically significant changes in outcomes resulting from contracted child welfare services in the demonstration sites
- Authorizes the Governor, based on the evaluation of the demonstration sites, to expand or terminate the demonstration sites.
- Directs the Caseload Forecast Council, the Office of Financial Management, and the DSHS to submit a proposal to the Legislature and the Governor by November 2010 for the reinvestment of savings into evidence-based prevention and intervention services to prevent the need for or reduce the duration of foster care placements.
- Repeals statutes relating to past due dates for reports and studies related to drug-affected and alcohol-affected infants; abuse and neglect of adolescents; and child care for children at risk of child abuse or neglect.
- Repeals statutes requiring contracts for regional foster parent liaisons and directing the implementation and reporting of the intensive resource home pilot program for youth in foster care.

HOUSE COMMITTEE ON EARLY LEARNING & CHILDREN'S SERVICES

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 7 members: Representatives Kagi, Chair; Roberts, Vice Chair; Haler, Ranking Minority Member; Walsh, Assistant Ranking Minority Member; Angel, Goodman and Seaquist.

Staff: Sydney Forrester (786-7120)

HOUSE COMMITTEE ON WAYS & MEANS

Majority Report: The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Early Learning & Children's Services. Signed by 22 members: Representatives Linville, Chair; Ericks, Vice Chair; Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Dammeier, Assistant Ranking Minority Member; Chandler, Cody, Conway, Darneille,

Haigh, Hinkle, Hunt, Hunter, Kagi, Kenney, Kessler, Pettigrew, Priest, Ross, Schmick, Seaquist and Sullivan.

Staff: Melissa Palmer (786-7388)

Background:

Report from the Washington State Institute for Public Policy.

In 2007 the Legislature directed the Washington State Institute for Public Policy (Institute) to study evidence-based, cost-effective programs and policies to reduce the likelihood of children entering and remaining in the child welfare system, including prevention and intervention programs. In its analysis, the Institute focused on three key questions:

1. Is there credible evidence that specific programs “work” to improve these outcomes?
2. If so, do benefits outweigh program costs?
3. What would be the total net gain to Washington if these evidence-based programs were implemented more widely across the state?

The Institute conducted a systematic review of 74 rigorous comparison group evaluations of programs and policies to identify what works to improve child welfare outcomes. The Institute then estimated the monetary value of the benefits to Washington if these programs were implemented in the state. In estimating monetary value the Institute examined factors such as reduced child welfare system expenditures, reduced costs to the victims of child maltreatment, and other long-term outcomes to participants and taxpayers, such as improved educational and labor market performance, and lower criminal activity.

The Institute estimated the statewide benefits of implementing an expanded portfolio of evidence-based programs and found that after five years of implementing such a strategy, Washington would receive long-term net benefits between \$317 and \$493 million (of which \$6 million to \$62 million would be net taxpayer benefits). Several of the cost-effective evidence-based programs listed in the expanded portfolio are offered and available to a limited degree in the state, including:

- homebuilders program for intensive family preservation;
- parent-child interaction therapy;
- nurse family partnership home visitation program; and
- parents as teachers.

Foster Care Budgeting.

Budgeting for the state's share of foster care costs includes use of information developed by the Caseload Forecast Council. State appropriations for foster care are increased or reduced depending on the forecasted caseload. When the Department of Social and Health Services (DSHS) is successful in reducing foster care caseloads through implementation of prevention and intervention programs or other policies, the savings from reduced caseloads are not available to be used for reinvestment into sustaining or expanding these programs to achieve long-term reduced caseloads and additional statewide reforms.

Researchers and experts in foster care reform frequently emphasize the importance of implementing a reinvestment strategy as the means of sustaining and expanding prevention

and early intervention programs designed to strengthen permanent families and thereby reduce foster care caseloads and improve long-term child welfare outcomes.

Legislative Children's Oversight Committee.

The Legislative Children's Oversight Committee (LCOC) is responsible for monitoring and ensuring compliance with administrative acts, relevant statutes, rules, and policies pertaining to family and children's services and the placement, supervision, and treatment of children in the state's care or in state-licensed facilities or residences. The LCOC meets at the call of the chair and consists of six members total, three from the House of Representatives and three from the Senate, with no more than two members from the same political party per chamber.

Partners For Our Children.

Partners for Our Children (POC) is an independent public-private partnership aimed at improving Washington's child welfare system. The partnership consists of the DSHS, the University of Washington School of Social Work, and the regional philanthropic community.

Child Welfare Services Contracts.

The DSHS contracts with multiple private providers for the purchase of various child welfare services, including individual and group counseling or therapy; groups care and behavioral health services; assessment and treatment for chemical dependence, domestic violence, or mental health needs; reunification services; and adoption services. Approximately 1,800 fee-for-service contracts are in force with both non-profit and for-profit entities. None are performance-based.

Summary of Second Substitute Bill:

By January 1, 2011 the Department of Social and Health Services (DSHS) must consolidate and convert its existing contracts for child welfare services to performance-based contracts linking the contractors' performance to the level and timing of reimbursement for services. Numerous administrative statutes relating to child welfare services and statutes governing the child dependency court processes are amended to reflect that the DSHS, as well as private contractors and Indian tribes, may provide child welfare services, including case management services, under performance-based contracts. Non-profit private contractors must receive primary preference over for-profit contractors.

Child Welfare Transformation Design Committee.

A Child Welfare Transformation Design Committee (Committee) is established and charged with selecting two demonstration sites in which the DSHS must contract out for all child welfare services, and developing a transition plan for implementing the performance-based contracts.

The Committee includes representation from the following entities:

- the Office of the Governor;
- the Office of the Attorney General;
- the Children's Administration within the DSHS;
- the Office of the Family and Children's Ombudsman;
- the Indian Policy Advisory Committee convened by DSHS;
- the Racial Disproportionality Advisory Committee convened by the DSHS;

- the bargaining representative for the largest number of CA's employees;
- nationally recognized experts in performance-based contracting;
- private agencies providing child welfare service in Washington;
- parents with experience in the dependency process;
- Partners for Our Children (POC);
- superior court judges; and
- foster parents.

Staff support for the Committee must be provided jointly by POC staff and legislative staff. It is expected that administrative costs for the Committee will be supported by private funds. The Committee expires July 1, 2005.

Demonstration Sites.

The Committee will select the location and size of the demonstration sites to ensure adequate statistical power to assess any meaningful differences in outcomes in the demonstration sites as compared with the current service delivery system.

Effective July 1, 2012, the DSHS must contract for all child welfare services in the demonstration sites, including the following case management functions:

- conducting child-caseworker visits;
- arranging for family visits;
- convening of family group conferences;
- development and revision of the case plan;
- coordination and monitoring of services needed by the child and family;
- performance of court-related duties, including preparing court reports and attending hearings; and
- ensuring the child is progressing toward permanency within state and federal mandates, including the federal Indian Child Welfare Act.

The DSHS may not directly provide child welfare services in the demonstration sites except in an emergency, or if the DSHS is unable to contract with a private agency, or the contractor or the DSHS terminate the contract prematurely.

Reporting and Evaluations.

The Committee must report in writing to the Governor and the Legislative Children's Oversight Committee as follows:

- quarterly from June 30, 2009 through June 30, 2012; and
- semi-annually from June 30, 2012 through January 1, 2015.

The Washington State Institute for Public Policy (WSIPP) must report to the Governor and the Legislature regarding the DSHS's conversion of existing contracts for child welfare services to performance-based contracts. An initial report is due June 30, 2011, and a final report is due June 30, 2012.

The WSIPP also must conduct a review of the measurable effects achieved by private contractors in the demonstration sites as compared to measurable effects achieved outside the demonstration sites. The WSIPP must provide a report to the Governor and the Legislature by April 1, 2015.

Governor's Authority.

Based upon the reports from the WSIPP, the Governor shall, by June 1, 2015, determine whether to expand the demonstration sites or terminate the contracting of all child welfare services, including case management services. The Governor must inform the Legislature of the decision within seven days of making the determination. Regardless of the Governor's decision regarding expansion or termination of the demonstration sites, the DSHS must continue use of performance-based contracts to the extent that it contracts for child welfare services.

Proposal for Reinvestment of Savings.

The Caseload Forecast Council, the Office of Financial Management, and the DSHS jointly must develop a proposal for consideration by the Legislature and the Governor allowing for the savings, including savings from reduced foster care caseloads, to be reinvested to expand evidence-based and promising practices to prevent the need for or reduce the duration of foster care placements. The agencies shall brief the Governor and the Legislature on the proposal by November 30, 2010.

Statutes Repealed.

Statutes relating to past due dates for reports and studies regarding drug-affected and alcohol-affected infants, abuse and neglect of adolescents, and child care for children at risk of child abuse or neglect are repealed. In addition, statutes requiring contracts for regional foster parent liaisons and directing the implementation and reporting of the intensive resource home pilot program for youth in foster care are repealed.

Appropriation: None.

Fiscal Note: Preliminary fiscal note available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed, except for section 8, relating to the formation and duties of the Committee, which takes effect immediately.

Staff Summary of Public Testimony (Early Learning & Children's Services):

(In support of original bill) This bill comes out of discussions started this interim by Partners for Our Children to consider how Washington contracts for services to children and families, and the balance between the state role and the community role in child welfare services. The current array of contracts makes it difficult to hold contractors accountable for improved outcomes when the contracts are for discrete services. The approach intended by the bill is to be measured and thoughtful in making major changes to the system. One of the most critical elements to sustain reductions in foster care case loads is the recapturing of savings to reinvest in building statewide capacity to more effectively assist parents to safely care for children in their home. Other states have been able to successfully implement this reinvestment approach.

Washington needs a more rational division of labor between the public and private sector. The Children's Administration currently has over 1,500 separate contracts with the private

sector and few of those contracts are connected to improved child welfare outcomes. This bill would head in the right direction by taking a humble approach to building the capacity for a comprehensive array of evidence-based prevention and intervention services. Moving from the current system to one that is managed to improve child welfare outcomes will require building the private sector capacity.

The approach of this bill may be too humble. It should be expanded to address not only prevention services, but also those services capable of reducing the length of stay for children who do enter foster care and achieving more timely permanency for children. Contractors should have the flexibility to serve families needing prevention as well as intervention services in order to avoid unintended consequences. Often the same services are effective for families at risk of an out-of-home placement as well as for families with a child in foster care.

The DSHS has had considerations in this area for a long time but has not been a leader in conversations. The current service system has been developed over the years and sometimes has worked well and other times has not worked so well. Some of our current contracts with providers are so small it makes it challenging to hold the provider accountable and to measure what we are paying for. The system in place now has been the result of state laws, federal laws, the Braam settlement, and other requirements. This bill reflects a thoughtful approach and is the right place to begin. We appreciate the measured approach because it will not strain the system. It also is important to allow the system to learn from the change process without creating a risk for children or families to fall through the cracks.

The bill is really speaking to the concept of wrap-around case management. We would like to see a model moving forward more quickly. While developing the plan we could start expanding current programs. There is no need to wait until November to select the regions and you could name them in the bill or set an early deadline for selection. There are projects in some regions already underway that would dovetail with the approach in the bill. The important thing is that these contracts and the performance measures are developed with local offices and local providers. This is where the working relationships are and this is where the mutual trust will create shared success.

In this extremely difficult budget environment we applaud this approach. This is an opportunity to re-examine how we administer our child welfare system and to utilize a pragmatic approach by using the research from the Institute report about what is proven to be effective in preventing children from entering foster care and reducing the length of stay for those who do enter care. Small tests of change make very good sense. It will be important to create incentives and to avoid being punitive at the front-end of the change process.

Recommendations for improvements include adding a clear statement of a plan to safely reduce the number of children in foster care; requiring the Economic Services Administration and the Children's Administration to jointly plan for assisting and engaging families to reduce the stress on families from complying with two separate plans; addressing the use of relatives to care for children safely; intensifying family finding efforts; increasing exits to permanency with relative caregivers; describing the incentives for quality performance and focus on outcomes; requiring allocation of resources for implementation; ensuring the evidence-based practices include those that are culturally relevant and have proven effective

with communities of color; and requiring a process for evaluating the outcomes in the demonstration regions.

(Opposed) None.

Staff Summary of Public Testimony (Ways & Means):

(In support) The Senate and House spent significant time looking at the current child welfare system during the interim. There is much to be gained in streamlining the current system which has over 1,800 contracts for services and moving to a more community-based system. There is a perverse quirk in the funding of the child welfare system. When a child is placed in foster care, the agency receives funding for that slot. However, if the agency keeps a child out of the slot, they do not receive federal funding. The substitute bill addresses this issue by ensuring that when the caseload forecast goes down, the ability to provide preventive services does not go away. The child welfare system is a billion dollar system; this is a very measured approach that starts with two demonstration regions.

There is great evidence about the effectiveness of programs the state has graciously funded. Additionally, there has been much discussion about a reinvestment strategy regarding those programs. The ultimate goal is to prevent children from being abused, neglected, or entering into out-of-home care. The approach outlined in the substitute bill will allow providers flexibility in delivering services.

This is a very exciting bill. It represents one of the most important reform efforts going on right now. It affirms the state's focus on evidence based programs for children and families. Focusing on permanency and reducing length in the foster care system will result in better outcomes. The substitute bill will allow the evidence-based services to be tailored to the needs of the family. This approach works. It will reduce child abuse and get kids back home quicker. It will go a long way in reducing the time that kids are in out-of-home care. The cost savings of achieving this are huge.

(Opposed) None.

Persons Testifying (Early Learning & Children's Services): Representative Kagi, prime sponsor; Dr. Mark Courtney, University of Washington; Randy Hart, Department of Social and Health Services, Children's Administration; Byron Manering, Brigid Collins Family Support Center; Ron Murphy and Lyman Legters, Casey Family Programs; and Donald Koenig, Catholic Community Services.

Persons Testifying (Ways & Means): Representative Kagi, prime sponsor; Laurie Lippold, Children's Home Society; and Byron Manering, Brigid Collins Family Support Center.

Persons Signed In To Testify But Not Testifying (Early Learning & Children's Services): None.

Persons Signed In To Testify But Not Testifying (Ways & Means): None.