



B. J. Walker, Commissioner

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MEMORANDUM

TO: DFCS Regional Directors, County Directors, Social Services Field Staff

FROM: Mary Dean Harvey, Director

SUBJECT: Out-of-Home Care Budget Management – Urgent Directive

DATE: January 4, 2006

DFCS is over-utilizing Level of Care (LOC) placements and must improve the placement distribution of children in out-of-home placements. The child welfare system is based on a process of placing children in the least restrictive, most homelike environment possible; therefore, we must increase the proportion of children placed with relatives and in foster care placements. In FY05, LOC placements increased by 17%, while the overall number of children in paid foster care placements (*family foster care, specialized foster care and LOC*) declined by 2.9%. This trend has continued into FY06, while the use of relative placements is below the target goal of 30%.

The overuse of LOC placements is now creating a major LOC budget deficit, which is not financially sustainable. To meet our programmatic and fiscal responsibilities, we need your assistance to manage LOC utilization and costs. **Effective immediately, the remaining LOC budget for FY06 is allocated to county departments for management by region. The regional and county LOC allocation spreadsheets are enclosed. All regions must reduce their monthly LOC spending to the monthly budgeted level by April 2006.** Regions and counties are now responsible for managing their LOC budgets and expenditures. Placements other than those within the LOC system will still be managed on a statewide level and are not being capped at this time (i.e., *funding for relative placements, DFCS foster care, specialized foster care, and wrap-around service*).

Based on widely varying LOC utilization rates by region, DFCS used an allocation methodology to set the monthly LOC budget based on regional LOC spending rates and the number of children in each region, as follows:

- The FY06 LOC budget was \$200,000,000. Therefore, DFCS has allocated \$ 100,000,000 for regional and county management for the period January 2006 through June 30, 2006.
- Half of the allocation (\$50 million) is based on spending for the first quarter of the fiscal year prorated by region, while the other half of the allocation (\$50 million) is based on the population of children prorated by region.
- After determining the regional allocation, an allocation by county was based on first quarter expenditures.

Regional Directors must provide coordination and oversight to control LOC spending, and will have the prerogative of moving funds between counties as necessary. In consultation with County Directors, Regional Directors should utilize a monthly LOC monitoring report of expenditures to manage placement needs within the allocated budgets. This report will be provided by the Evaluation and Reporting Section and should be monitored closely. Regional performance in bringing spending in line with the monthly LOC budget will be measured both in the G-12 process and through direct interaction with Field Directors.

Any LOC allocation questions should be directed to DFCS Fiscal Services Section Director, Alan Davis (404-463-7275). The Social Services Section's Treatment Services Unit (404-657-3572) will provide consultation and support on the most difficult placements faced by counties as necessary to control LOC spending.

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In addition, the following measures are now necessary to control LOC spending:

1. County social service case managers and supervisors are responsible for **expediting step-down leveling of all LOC cases**. County Directors must provide coordination and oversight for this effort.
 - Remind providers that they should go ahead and step-down clients to lower levels within their program, as deemed appropriate by their clinical staff/consultant, without waiting for a utilization review recommendation or for prior approval from DFCS. FY06 LOC contracts allow for this with notification to DFCS on the step-down effective date.
 - DFCS has executed FY06 LOC provider contracts that county departments should review and become familiar with to best manage their LOC budget allocations.
 - Questions regarding the FY06 LOC contract, which contains numerous revisions, should be directed to the Social Services Section's Treatment Services Unit (404-657-3572).
2. On an on-going basis, actively and aggressively recruit and increase the number of DFCS foster homes in each county in order to increase placements closer to biological families and home communities.
3. Increase appropriate relative placements to meet the goal of 30% of all placements being with relatives.
4. Reduce the length of stay in LOC placements, especially in high level, extremely expensive LOC facilities. Attendance at state LOC utilization reviews is now mandatory by the case manager or supervisor.
5. Monitor, limit and reduce the length of time youth are in emergency shelters. Shelters are not to be used as long-term placement options.
6. Reduce assessment level periods - less than 30 days for levels 1 - 3; and less than 50 days for levels 4 - 6.
 - I am hereby directing Regional Directors to provide ongoing monitoring of the reduction of assessment level periods, and as necessary to consult with their Field Operations Director and/or the Social Services Treatment Services Unit to assist county staff in expediting the resolution of leveling decisions.
7. Only utilize non-approved programs as a last resort (*approved LOC provider list @ www.galocweb.com*). To ensure provider payment, request waivers from the Treatment Services Unit prior to placement.
8. Due to budgetary and programmatic restrictions, it is imperative that local DFCS staff refer potential providers of LOC services to the Social Services Treatment Services Unit (404-657-3572), to ensure clear communications with all parties. DFCS provider recruitment priorities for child placing agencies and child caring institutions are now restricted to therapeutic residential services for specific populations, to include:
 - Oppositional defiant disordered youth and delinquent adolescents (*males and females*);
 - Medically fragile infants, children and youth;
 - MRDD (*mental retardation and developmentally disabled*) populations; and
 - Under-served areas in South Georgia.
9. DFCS is working with stakeholders to recommend revisions to current LOC rates. If approved, such modifications to LOC rates should help regions meet their budgetary allocation targets.

As we face these challenges together, I realize that these efforts will require some time to affect our budget. Your assistance in carefully managing your monthly LOC allocation is greatly appreciated.

MDH:ad/cs:w

ENCLOSURES

c: DFCS Management Team,