

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON WAYS AND MEANS
AND THE
SENATE COMMITTEE ON FINANCE
JOINT SUBCOMMITTEE ON HUMAN SERVICES/CIP**

**Seventy-Sixth Session
March 4, 2011**

The Assembly Committee on Ways and Means and the Senate Committee on Finance, Joint Subcommittee on Human Services/CIP was called to order by Chair April Mastroluca at 7:30 a.m. on Friday, March 4, 2011, in Room 3137 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4406 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/76th2011/committees/. In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

ASSEMBLY SUBCOMMITTEE MEMBERS PRESENT:

Assemblywoman April Mastroluca, Chair
Assemblywoman Debbie Smith, Vice Chair
Assemblyman Joseph M. Hogan
Assemblyman David P. Bobzien
Assemblywoman Maggie Carlton
Assemblyman Pete Goicoechea
Assemblyman Crescent Hardy

SENATE SUBCOMMITTEE MEMBERS PRESENT:

Senator Sheila Leslie, Chair
Senator Barbara K. Cegavske

SUBCOMMITTEE MEMBERS EXCUSED:

Senator Steven A. Horsford

STAFF MEMBERS PRESENT:

Michael J. Chapman, Principal Deputy Fiscal Analyst
Rex Goodman, Principal Deputy Fiscal Analyst
Terri Sulli, Program Analyst
Tenna Herman, Committee Secretary
Cynthia Wyett, Committee Assistant

Chair Mastroluca noted that Senator Horsford was excused.

Chair Mastroluca indicated that Diane Comeaux, Administrator, would present the budgets of the Division of Child and Family Services. The Subcommittee would follow the agenda closely.

Diane Comeaux introduced Amber Howell, Deputy Administrator for Child Welfare, and Danette Kluever, Deputy Administrator for Administrative Services who would be assisting with the presentation.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
HHS-DCFS – CHILDREN, YOUTH & FAMILY ADMINISTRATION (101-3145)
BUDGET PAGE DHHS DCFS -1

Diane Comeaux, Administrator, Division of Child and Family Services (DCFS), Department of Health and Human Services (DHHS), began with budget account (BA) 3145, Children, Youth and Family Administration. Ms. Comeaux referenced page 3 of [Exhibit C](#).

Ms. Comeaux said the Division's primary service delivery units were supported through centralized administration that provided fiscal services, grants management, personnel and payroll, program integrity/oversight, and information management services to all DCFS programs. The Children, Youth and Family Administration budget account supported those activities as well as the Child Abuse and Neglect State Grant and the Children's Justice Act Grant.

Decision unit Enhancement (E) 325 recommended funding to support the priorities outlined in the Nevada State Plan for Children's Mental Health developed by the Commission on Mental Health and Developmental Services pursuant to *Nevada Revised Statutes* (NRS) 433.317. Ms. Comeaux stated that companion to that decision unit were decision units E908 and E909, which

recommended the transfer of six service delivery positions to allow the Division to redirect existing resources to support the plan.

Decision unit E665 eliminated the TANF (Temporary Assistance for Needy Families) to Title XX transfer from the Director's Office and eliminated the noncustodial mental health room and board payments

Ms. Comeaux said decision unit E699 requested an additional two staff positions for Program Integrity/Oversight to support the Division's responsibility in the child welfare services oversight program.

According to Ms. Comeaux, Senate Bill No. 79 of the 75th Session (2009) had placed new requirements on the Commission on Mental Health and Developmental Services to create a subcommittee regarding the mental health of children to review the findings and recommendations of each of the three mental health consortia, and to create a statewide plan for the provision of children's mental health services. At its July 15, 2010, meeting, the full Commission approved Nevada's first-ever, 10-year strategic plan for children's mental health services.

Ms. Comeaux indicated that decision unit E325 included \$90,752 in each year of the biennium to support the priorities outlined in the strategic plan. That included travel funds for the recommended new Policy Board, \$15,000 per year to support each of the three regional mental health consortia, and money to contract with a board-certified child and adolescent psychiatrist to support the Board as well as make recommendations on effective science-based treatments and standards of care.

The Governor's budget also recommended the reallocation of six service-delivery positions to support the priorities of the Nevada Children's Mental Health Plan. Ms. Comeaux stated that decision units E908 and E909 included the transfer of two mental health counselor positions from the Northern Nevada Child and Adolescent Services' budget (BA 3281) and two mental health counselors and two public service intern positions from the Southern Nevada Child and Adolescent Services' budget (BA 3646).

Ms. Comeaux said page 5 of [Exhibit C](#) summarized the bill draft request that the Division had submitted, which would help support the budget and would make changes as outlined in the strategic plan.

Chair Mastroluca wondered how the recommended Children's Behavioral Health Policy and Accountability Board would improve the status on children's mental health.

Ms. Comeaux replied that a number of steps would be taken within the strategic plan. Currently the Commission on Mental Health and Developmental Services had statutory oversight over public agencies, DCFS and the Division of Mental Health and Developmental Services (MHDS). The bill draft would expand that oversight to include private entities as well. The Policy Board would recommend standards of practice for mental health services for children. The Board would make recommendations to the Commission, which would have ultimate authority for approval. The bill would also give the Division the responsibility of supporting that Board. The Division would be responsible for research, oversight, quality assurance, and monitoring to ensure that the standards were met.

In response to a question by Chair Mastroluca, Ms. Comeaux indicated that the transferred positions would not be responsible for multiple jobs. Those positions were currently providing direct services. Two positions from Southern Nevada Child and Adolescent Services (SNCAS) were part of the day-treatment program that was proposed for closure. The other positions would be a reduction in direct services in those areas.

Senator Leslie asked whether the proposal would create longer wait lists. She liked the concept of the Board, but did not like the idea of moving people who were actually providing services.

Ms. Comeaux responded that the proposal was the only way the Division could continue to use existing resources and maintain a neutral budget.

Senator Leslie requested information regarding the number of children that would no longer be served because of the proposal and the location and type of services that would no longer be provided. Ms. Comeaux agreed to provide that information.

Ms. Comeaux said decision unit Enhancement (E) 665 proposed the elimination of the TANF to Title XX transfer from the Director's Office of the Department of Health and Human Services and state funding for nonmedical expenses for children who were receiving treatment home services and who were not in the custody of the child welfare agencies. The majority of those youth were in the custody of county probation departments. Page 7 of [Exhibit C](#) provided

a breakdown of children who were receiving services in November 2010 from the placing agency. There were 214 children in county custody, which represented the number of children placed in custody by county probation offices.

Although the rehabilitative services provided in the treatment home environment remained allowable medical services under Medicaid, said Ms. Comeaux, the room and board was considered a nonmedical expense. Based on a change in the reimbursement methodology, in fiscal year (FY) 2007 the Division began reimbursing providers for the room and board expenses for those children who were not in the custody of child welfare agencies. The approved budget for that category in fiscal year 2007 was \$420,627. Ms. Comeaux said that based on a change in the reimbursement methodology, the approved budget for fiscal year 2010 included an increase in the room and board payments from an average of \$17 per day to an average of \$42.02 per day. Page 6 of [Exhibit C](#) displayed a comparison of the budget for FY 2007 and FY 2010.

	FY 2007	FY 2010
Total Expenditures	\$420,627	\$3,588,477
Average Caseload	77	236
County Probation	43	204
Parental/Family Custody	44	32

Ms. Comeaux indicated there had been much discussion about the significant increase in costs for those types of services. She checked statistics for FY 2005 when Medicaid was paying the full rate, and it was an all-inclusive rate for that population. The total budget in 2005 was \$2,538,460 and there were 62 children being served. The average monthly cost for that population was \$3,412. In FY 2010, the combination of the amount paid by the Division and Medicaid was \$11,992,000, and 279 children were served. That equated to an average monthly cost of \$3,439, which was not a significant increase in cost per child, but was an increase in the number of children being served. It was not that population that was driving Medicaid costs up. Ms. Comeaux said she had been asked to estimate the influence of the proposal on the counties, and that information was depicted on page 8 of the exhibit.

In response to an inquiry from Senator Leslie, Ms. Comeaux stated there was no requirement to change the policy. What was currently in statute was a provision for a judge to commit children to the state for correctional care or because of mental health problems. The bill draft that had been submitted by

the Governor would eliminate the provision to commit youth to state custody for mental health purposes.

Senator Leslie indicated that policy would require counties to provide youth with mental health care.

Ms. Comeaux agreed and stated that to help children become eligible for Medicaid counties would use the same provisions as child welfare agencies, which stated that children in the foster care system were categorically Medicaid-eligible. However, three things were required to meet that eligibility: (1) the agency had to have legal custody; (2) the agency had to accept full financial responsibility; and (3) the child had to be placed in an out-of-home placement.

Senator Leslie voiced concern about custody arrangements changing to provide children with needed care. She wondered what the counties would do if that policy was enacted, and they were desperate to provide those children with mental health care without the necessary funding.

Ms. Comeaux said it was possible that the counties would have children in need of mental health care committed to the state child welfare system.

Senator Leslie declared that her major concern was that the process would make it more difficult for children to receive the mental health treatment they needed. The motivation was to save the state \$3.5 million a year, but there was no other benefit to the children for doing that, to which Ms. Comeaux agreed.

Senator Cegavske indicated that in all budgets relating to foster children it appeared that more family members were taking responsibility for foster children, but were asking for more state reimbursement.

Ms. Comeaux responded that as a child welfare agency, when a child was removed from the home, the first priority was to place them with a relative because it would be a familiar relationship and would be less traumatic for the children. The law was very clear regarding that priority and there were a significant number of children placed in the care of relatives throughout the state. The reimbursement requirement was that the family member must be licensed.

Ms. Comeaux responded to an inquiry by Senator Cegavske and stated that there had been a significant increase in placements with relatives (relative placement) over the last 5-6 years and more family members were becoming licensed. However, because of the economy, it was becoming difficult for families to undertake the care of extra children without assistance.

Ms. Comeaux responded to Senator Cegavske that \$24 per day was the average reimbursement per child. Ms. Comeaux stated that she had material that depicted the increase in relative placement and the decrease in unlicensed relative homes, and she would send a copy of that information to Senator Cegavske.

Ms. Comeaux called attention to page 10 of [Exhibit C](#) and said that decision unit E699 recommended the addition of two social service specialist positions to enhance the Division's ability to support its child welfare monitoring role. Those positions would help contribute to the needed "soft" infrastructure that was necessary to create a complete continuous quality improvement (CQI) process.

According to Ms. Comeaux, DCFS had the ultimate responsibility for statewide child welfare oversight and was committed to strengthening community partnerships to achieve safety, permanency, and well-being for children through effective service-delivery systems that could be measured through various quality assurance activities.

Ms. Comeaux stated that the basic components of the CQI process included:

- On-going unit level supervisory reviews (CPS [child protective services] and Case Management).
- Quality assurance reviewer training.
- Quality assurance reviews for annual or semiannual child protective investigations.
- Annual case-management quality assurance reviews for each region.
- Additional quality assurance responsibility and activities such as targeted reviews in independent living or licensing.
- Annual updates and reviews of regional quality management plans.
- Biennial agency improvement plans.
- Corrective action plans as required.
- Creation of a web-based dashboard that included statewide and county specific performance outcomes to allow public access and transparency.

Chair Mastroluca indicated that additional discussion of budget account (BA) 3145 would continue at a later time because Letters of Intent and items that had been requested by the Subcommittee had not been received. The Subcommittee needed clarification regarding the letters of Intent.

Chair Mastroluca indicated that the budget presentation would continue with budget account 3181.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
HHS-DCFS – VICTIMS OF DOMESTIC VIOLENCE (101-3181)
BUDGET PAGE DHHS DCFS -15

Danette Kluever, Deputy Administrator of Administrative Services, Division of Child and Family Services (DCFS), Department of Health and Human Services (DHHS), presented budget account (BA) 3181, Victims of Domestic Violence. She referenced page 12 of [Exhibit C](#).

According to Ms. Kluever, the budget account was funded by marriage license fees collected from the counties. The funds collected were granted to nonprofit entities to provide direct services to victims of domestic violence and sexual assault. The only modification to the budget account was decision unit Enhancement (E) 665, which eliminated the Title XX transfer from the Department of Health and Human Services in the amount of \$200,000 each year or \$400,000 over the biennium. There was no other modification to the budget account.

In response to an inquiry from Chair Mastroluca, Ms. Kluever said marriage license fees had always been part of the budget and the fees were coming in right on target.

Assemblywoman Carlton commented that in the past there had been discussion that if marriage license fees reached a certain level, other funding within the budget could possibly be lost. The Legislature had approved the extra funding because the Division needed to provide services, and it had apparently hit a threshold where it could provide those services with the funding from fees, and the Governor recommended a reduction of \$200,000 in each year of the upcoming biennium.

Ms. Comeaux recalled that during the 2009 Legislative Session there had been legislation to increase the fees for budget account (BA) 3181. There had been a significant decline in marriage license revenue coming into the budget account,

and the Division took the opportunity to submit a bill to increase the fees in 2009. The Director's Office had agreed to help the Division through that period of decreased fees through a transfer of \$200,000 of Title XX money. Ms. Comeaux reported that the transfer was never intended to be ongoing, but was only to help the Division cover the gap until the fees increased. The projected revenue for BA 3181 was \$3.6 million per year from marriage license fees. Ms. Comeaux believed that would sufficiently cover the services that would be provided.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
HHS-DCFS – UNITY/SACWIS (101-3143)
BUDGET PAGE DHHS DCFS -18

Danette Kluever, Deputy Administrator of Administrative Services, Division of Child and Family Services (DCFS), Department of Health and Human Services (DHHS), continued with budget account (BA) 3143, UNITY/SACWIS, depicted on page 13 of [Exhibit C](#).

Ms. Kluever indicated the budget supported the Information Management Services (IMS) unit for DCFS, which supported two primary systems. The Unified Nevada Information Technology for Youth (UNITY) system was the case management tool used by DCFS and by Clark and Washoe County Departments of Social Services, to manage their CPS (child protective services), foster care, adoption, and independent-living caseloads. The AVATAR system was the clinical case management and billing system for children's mental health.

Ms. Kluever stated that decision unit Enhancement (E) 586 supported the Technology Investment Request (TIR) for UNITY 2.0, Managing with Data. A more detailed overview could be found on pages 14 to 17 of [Exhibit C](#). Decision unit E900 transferred computing costs for the UNITY system from Clark County Integration, budget account (BA) 3142, to BA 3143, to allow all computing costs to be captured in one budget account. Decision unit E915 supported the transfer of 21 email accounts from the UNITY budget account to the Child Care Services budget account, BA 3149, which was related to the recommended reassignment of that program to the State Health Division.

Ms. Kluever referred to page 14 of [Exhibit C](#). The UNITY system was the Statewide Automated Child Welfare Information System (SACWIS) case management application that was housed and monitored by DCFS in partnership with the two county child welfare agencies, the Clark and Washoe County Departments of Social Services. There were approximately 1,781 users that

accessed the UNITY system for child welfare activities. Ms. Kluever said the UNITY system currently met the requirement and supported the business of child welfare, but UNITY needed to be more. Through a Technology Investment Request (TIR), DCFS planned to make two major enhancements to the UNITY system, which were outlined on page 16 of the exhibit. First was a data warehouse that would provide better access to UNITY data for managers and supervisors. The second enhancement was a new presentation layer for UNITY using Web technologies that would significantly enhance the navigation and usability of the system.

Without the approval of the TIR, said Ms. Kluever, the gap between the agency's needs to manage data and the data available from UNITY would continue to exist and impair the agency's ability to make critical decisions. Currently, the data in UNITY was considered to be unreliable because the data was frequently not entered or was entered inconsistently, and consequently managers and supervisors tended to keep hand counts and spreadsheets of critical information outside the UNITY system. The data was not globally available for agency management to use for program evaluation processes and users viewed UNITY as a hindrance. Approval of the TIR project would assist DCFS in the development of a statewide performance dashboard that would produce an environment of accountability and transparency to stakeholders.

Chair Mastroluca asked for examples of how those problems had affected caseloads and the work of the social workers.

Diane Comeaux, Administrator, DCFS, responded that a study had been done and the results had been provided to the Fiscal Analysis Division staff. A consulting firm mapped out the activities conducted by a caseworker. For example, when a CPS case was entered into the system, what steps had to be taken and what screens and fields had to be entered. The consultants took experienced users and timed them as they proceeded through the processes. They found that if a caseworker was going to do all the data entry that was required, it would take a proficient user about 16 hours a week to complete the required data entry. Ms. Comeaux said that amount of time significantly reduced the caseworker's ability to have one-to-one time with the children and families on their caseload. Consequently, not all data elements had been entered into the system.

Ms. Comeaux said there was a bill draft request (BDR) that would allow the state to take excess money in the marijuana health registry and invest that money for families with children in child welfare custody to receive

drug treatment. In collecting the data for that piece, the Division looked to the UNITY system to see how many parents had substance abuse problems. What they were able to show in the system was that only about 20 percent of the families had that problem. The Division knew anecdotally that the statistics were inaccurate and that the percentage was much higher, and so it had to gather the statistics from the allegation system. Ms. Comeaux noted that there was a place in UNITY to mark whether the family had substance abuse problems, but it was not a required field, and caseworkers were not marking it because they simply did not have the time to do all the data entry.

Chair Mastroluca suggested that the problems had not been resolved but merely avoided, which had corrupted the data. Ms. Comeaux agreed that the data was unreliable.

Chair Mastroluca asked whether the Division would partner with Washoe and Clark Counties to go forward with the project. Ms. Comeaux replied that the TIR showed the planning stages of the project. The design included a Web portal, where applications could be filled out online in several screens and the information would populate the database. Developing those screens would require a great deal of coordination between all child welfare agencies.

Chair Mastroluca inquired whether staff from the other agencies would be dedicated to the project. Ms. Comeaux believed part of the budget included help with staff, but she would need to clarify that point and would provide that information to the Subcommittee.

Ms. Comeaux responded to Chair Mastroluca's question about Web security, indicating that the Division would work with the Department of Information Technology to ensure that the site and all data remained secure.

Chair Mastroluca asked whether the data warehouse would be available online. Ms. Comeaux responded that data would be kept in-house because of confidentiality concerns. The plan would be to run reports from the data warehouse that were non-child-specific, and those types of reports could be part of a dashboard that could be posted to the website. However, there would be no direct access to the data warehouse from the Internet.

Ms. Comeaux responded to Chair Mastroluca and indicated the project was scheduled to be completed during the upcoming biennium. She did not have the specific dates for the rollout but would supply them to the Chair.

Chair Mastroluca was concerned that a portion of the project had already begun before the funding had been approved. Ms. Comeaux responded that the project had not begun. What was in place was a flow chart from the study that had been done, which would be the starting point. A tremendous amount of work had been required to do the documentation of what the processes would be.

Chair Mastroluca wondered how the project funding would be approved when so many other projects statewide were being cut.

Ms. Comeaux believed that the Budget Division agreed to move forward with the project because when the decision was made to do the block grant for the counties, part of the decision was that if there was to be flexibility in the funding then the ability to monitor outcomes was critical. Ms. Comeaux pointed out that DCFS currently could not effectively monitor outcomes.

Ms. Comeaux responded to the Chair that some federal funding would be involved. The advanced planning document had not been submitted because the budget had not yet been approved.

Chair Mastroluca reminded Ms. Comeaux that earlier the Division had considered joining the Center for State Foster Care and Adoption Data. She wondered whether universities from other states who were performing those research projects were participating.

Ms. Comeaux responded that they would be working with Chapin Hall (research center) that was located at the University of Chicago. There were a number of other states participating, but their research universities were not participating in the data collection or the managing of the data. There were a number of other states who had research components within their universities that might use the Chapin Hall data. Those states might do their own data collection and then help improve practices. Ms. Comeaux said Nevada was simply joining the Chapin Hall data collection project and would have access to the vast number of reports that had already been produced.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
HHS–DCFS – WASHOE COUNTY INTEGRATION (101-3141)
BUDGET PAGE DHHS DCFS - 25

Amber Howell, Deputy Administrator of Child Welfare, Division of Child and Family Services (DCFS), Department of Health and Human Services (DHHS),

presented Budget Account (BA) 3141, Washoe County Integration, found on page 18 of [Exhibit C](#).

Ms. Howell stated that BA 3141 funded a portion of child welfare services in Washoe County and funded 93.57 full-time equivalent (FTE) positions. There were four decision units to address:

- Maintenance (M) 201 requested funds for the projected caseload increases of 9.04 percent in fiscal year (FY) 2012 and 8.99 percent in FY 2013 for adoption subsidies based upon historic growth rates in Washoe County.
- M202 requested funds for the annualized cost of maintenance payments for the foster care placements and specialized foster care placements. Caseload was projected to be flat over the biennium.
- Enhancement (E) 325 requested support for the addition of one account clerk position to assist with integration financial management requirements.
- E326 requested acceptance of Title XX funds from the Grants Management Unit (BA 3195). The funding supported substitute foster care costs.

Ms. Howell said there had been no new programs added to the budget account; however, there was one major modification to the account listed in decision unit E699.

Decision unit E699 included a proposal to implement an annual capped block grant in the amount of \$12 million per year to support child welfare services. The purpose of the block grant was to limit the state's continued liability for funding child welfare services and to grant funding flexibility to the counties in how they spent their annual child welfare budget. As part of the block grant, said Ms. Howell, the county would be required to submit an agency improvement plan to DCFS in January of odd-numbered years that included performance targets to improve safety, permanency, and well-being outcomes for abused and neglected children in their county. There was a chart on page 22 of [Exhibit C](#) that outlined the dollar amount in detail.

Continuing her presentation, Ms. Howell stated that The Executive Budget recommended \$1.75 million in each year of the biennium to support a fiscal incentive program designed to stimulate and support improvement in key areas identified in the agency improvement plan. There was a breakdown of the performance levels and corresponding incentive awards listed on page 23 of the

exhibit. A bill draft request had been submitted to support the request and was summarized on page 24 of the exhibit.

Ms. Comeaux responded to Chair Mastroluca that the block grant and the incentive payment would work in two very different ways. The proposed capped block grant was \$50 million over the biennium and was split 75 percent to Clark County and 25 percent to Washoe County. That money would support child welfare services. There was a requirement to submit an agency improvement plan, but the funding was not specifically tied to that requirement.

Ms. Comeaux stated that the second part of the proposal would create an incentive payment program, totaling \$7 million a year, which was also split 75/25 between Clark and Washoe Counties. The proposal was that the counties would create an agency improvement plan. Ms. Comeaux said the counties could target one specific area of improvement for which funding was needed and would submit an application to DCFS before May 1 of each year. That application would outline the purpose and plan for the money and also what outcomes would be achievable. At the end of the fiscal year, said Ms. Comeaux, on or before September 1, the counties would submit final applications that would confirm whether or not those outcomes had been achieved. The amount of money that they would earn would be based on those outcomes. The counties under the proposal would be able to draw down the funds during the fiscal year that they were attempting the improvement, or they could wait until the following fiscal year to see whether or not they met those outcomes. If the counties chose to draw down the money during the fiscal year that the application had been submitted and failed to meet the outcomes, the next year's amount would be adjusted accordingly.

Chair Mastroluca wondered who would decide what the performance goals would be, whether each county would choose the goal on its own, and whether there would be any opportunity for input on those goals by the public or the Legislature. Additionally she wanted an explanation of how the funding would be awarded.

Ms. Comeaux responded that the goals would be part of the application process, and the Division would have to approve the application. One requirement of the agency improvement plan was that the counties would indicate in their submittal what efforts had been taken to allow public input. The funding would not be all or nothing, said Ms. Comeaux, and page 23 of [Exhibit C](#) outlined the program. If a county's performance was at 95 percent,

it would get 100 percent of the funding, and the chart showed how the funding would be reduced from that point forward.

Ms. Comeaux addressed Chair Mastroluca's concerns about the efficacy of measureable goals. The standards for child welfare were set as a part of the Child and Family Services Review for Nevada to continue receiving federal support. The state did not set that standard: it was set at the federal level. The agency improvement plan that was currently used was to help the state achieve the federal standards. The agency improvement plan of each county would mirror the program improvement plan. There was a set standard that everyone would try to achieve.

Ms. Comeaux suggested, for example, the incentive program might be to increase the timeliness to permanency. A county might find there were not enough foster homes willing to adopt. Part of the federal requirement was to achieve permanency within a certain period of time. If the county was not meeting that time expectation, said Ms. Comeaux, that goal might be part of the agency improvement plan. Perhaps the agency needed to recruit adoptive families. It could apply for the incentive funds to increase adoptive families. The agency might identify that it needed to increase adoption by 200 families. At that point it would apply for the incentive. Whether or not the agency recruited the 200 families would make the determination on the percentage of the incentive it received.

Ms. Comeaux addressed the question of goals by Chair Mastroluca. She indicated the goal was to do two things. She wanted to decategorize the money. Currently the Division gave the counties funding based on numbers: for example, the number of staff or the number of children they had in foster homes. The plan was an opportunity for the counties to invest the money in what they believed their communities needed. Because of the significant annual increases in costs to the state, the plan limited state liability. The decision to remove a child rested with the county, so state liability was reduced based on the decisions that were being made at the county level.

Senator Leslie agreed. The county ran the risk of having to pay more, but in recent years, Washoe County had begun many innovative practices, like family safety teams that had enabled the county to do a better job with the existing money. That particular block grant would give counties the flexibility they wanted and in return the state would have some control over the cost. Senator Leslie wondered what percentage would be decreased.

Ms. Comeaux indicated that there was a decrease. The block grant was capped at the amount of what was appropriated in the 2007 Session for the fiscal years 2008 and 2009. The difference between the 2008 and 2009 amounts and the 2010 amount was roughly \$7 million. That was the amount allocated to the incentive program.

In response to an inquiry by Senator Leslie, Ms. Comeaux called attention to page 22 of [Exhibit C](#), which depicted the difference between the Governor's budget without the block grant and the legislatively approved amount for fiscal year 2010. Washoe County showed a total General Fund reduction of \$3,761,236 without the incentive payment over the biennium and a reduction of \$261,236 including the incentive payment. There were similar numbers for Clark County.

Chair Mastroluca commented that when compared to other parts of the state budget, the budget was less-restricted.

Assemblywoman Carlton asked what protections were in place for the families and children within the program to assure removal of children when appropriate. She wanted assurance that families and children would still receive the same level of service and that social workers would not be pressured to allow a child to remain in a bad situation because they had already reached their limit for the year.

Ms. Comeaux responded that it was in the best interest of the child, when at all possible, to leave them at home and to provide in-home services for them. Currently with the split in the funding, the counties paid for the front end services and the state paid for back end services. Ms. Comeaux said the argument could be made that there was incentive for the county to remove the child from the home with the existing system. The hope was that there would be no incentive for them to do so either way, other than what was in the best interest of the individual child. If the counties, based on those reductions and the significant differences in funding between the two counties, did not invest as well, there was the potential that children could be left in inappropriate circumstances.

Chair Mastroluca requested comment from Clark and Washoe Counties regarding the budget issue.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
HHS–DCFS – CLARK COUNTY INTEGRATION (101-3142)
BUDGET PAGE DHHS DCFS – 32

[Because Chair Mastroluca called for commentary from both Washoe County and Clark County during the hearing on the Washoe County Integration account, the following testimony and discussion coupled with the overlap of policy issues between budget account (BA) 3141 and BA 3142 provided sufficient information on the Clark Country Integration budget that no separate hearing on BA 3142 was considered necessary.]

Thomas D. Morton, Director, Clark County Department of Family Services submitted written testimony ([Exhibit D](#)). Mr. Morton commented on the concept of the block grant because his picture of the grant was not quite the same as what had been presented. His county budget as proposed included about \$44 million in General Fund. The proposal under the block grant was \$37.5 million, so that was a reduction of about \$7 million in General Fund. When added to the loss of matching federal funds, the loss to the county was in the neighborhood of \$10 million to \$11 million dollars. The proposal in the block grant removed a huge amount of money from the county operating budget. Mr. Morton said the concept that had been presented was that he could earn back the money by creating an agency improvement plan and within six months of the beginning of the fiscal year the county could access the missing money. But, said Mr. Morton, the money could only be spent in pursuit of agency-improvement-plan-specific goals and Clark County still lacked funding for its operating budget. Mr. Morton opined that Clark County would begin the fiscal year with \$11 million dollars missing from its operating budget.

Mr. Morton noted that at the county level, there were no guarantees that the money was forthcoming or when it would arrive. He would have to treat the budget at the beginning of the year as though the grants money did not exist, and make \$11 million in program reductions because there was no certainty that the money would be received. Additionally, said Mr. Morton because he would be unsure of how the incentives would be measured, until after the plan was improved, he could be in the position of having funds removed from the following year's budget because of failure to meet the performance goals. Mr. Morton opined that the program was not really an incentive program but a plan to obfuscate a shift in funding. He suggested that Clark County supported the idea of a block grant and flexibility, but not the idea of loss of basic operating budget funds and turning it into an incentive program that was tied to

things other than what the operating budget for the county was supposed to produce.

Mr. Morton continued by pointing out that in the current environment there were huge reductions in mission critical services such as mental health, substance abuse treatment, and child care. The environment was becoming more difficult for meeting performance goals to reduce child abuse and neglect within six months and achieve timely permanency for children as waiting lists grew on those mission critical services. In the larger environment, the agency identified, assessed, planned, and referred. At the point of referral the agency was entirely dependent on an array of State General Funded services to meet the goals and case plans for families.

Mr. Morton believed that 60 percent of the county's program success depended on other budgets. At a time when the county's operating budget was being reduced and he was asked to pursue incentives for improvement, he was also missing the array of community services needed to achieve those performance targets. Mr. Morton urged the Subcommittee not to approach the incentive program that way. There were other states like New York that had incentives, but the incentives were above, not carved out of, the base operating budget.

Chair Mastroluca asked about the budget Mr. Morton had submitted, and he responded that the budget included about \$44 million in General Fund, but the General Fund was only about 65 percent of the total budget. The other 35 percent was Title IV-E funds that were drawn down. The \$7 million added to the matching federal funds that the agency would not be able to claim would become \$10 million. However, the budget he submitted was a level budget; the reduction in General Funds added up to \$7 million to \$7.5 million reduction in total funding.

Chair Mastroluca asked that a copy of that budget be shared with Fiscal Analysis Division staff.

Mr. Morton responded to Senator Cegavske and said there were two components in his budget, county and state. When he mentioned 65 percent, he was talking about the state money appropriated by the Legislature. About 65 percent of that was General Fund and 35 percent federal money. That would add up to 100 percent of the budget authorized by the Legislature. On the county side, it was a mix of county general fund and federal funds. Mr. Morton stated it was mostly county general fund because very little federal funding was available for front-end services. He had begun with

a budget of about \$109 million and it was now down to \$100 million. His budget before impending cuts was about \$69 million on the state side and about \$40 million on the county side.

Senator Leslie agreed that there were waiting lists everywhere, and the statewide budget cuts were interconnected for many services. She mentioned that in his submitted testimony Mr. Morton had discussed that the block grant needed to include a resolution to the treatment foster-care crisis in Nevada. She asked him to discuss the mental health component and how that would affect county care.

Mr. Morton stated that there were approximately 340 to 350 children currently residing in treatment foster-care homes. Those homes were usually under contract with treatment foster-care agencies. Clark County had recently conducted clinical reviews of children within the largest agencies, and found a number of facts that raised concerns. One was that overwhelmingly the children were not progressing and some were regressing clinically post-admission. Second, the rate of permanency for those children was much lower than it was for other children.

Mr. Morton argued that earlier the state Medicaid program provided a bundled rate of about \$66 a day plus \$15.03 room and board. As a result of changes required by the Centers for Medicare and Medicaid Services (CMS), the state went to a daily case management plus cost of care rate of about \$40 per day with the remaining medical services being billed to Medicaid for treatment like BST (basic skills training) and PSR (psychosocial rehabilitation). That created a perverse incentive around billing for rehab services, and one of the things found in the clinical audits was that most of the treatment approach to those children was rehabilitation, not therapy. Children got heavy doses of BST and PSR. The treatment model lacked efficacy, but the bigger problem was the length of stay and the lack of clinical progress that was noted in review of those cases.

Mr. Morton said the agencies believed that because of Medicaid's closer utilization review and reduction of funding for BST, they were in a fiscal crisis. The dilemma for them was that there was a certain cost of care on a daily basis for creating the therapeutic environment, which was estimated between \$110 and \$135 a day. But the only way they could achieve payment above the \$40 was to bill the \$72.72 or more for two hours a day of basic skills training. When that training was no longer considered medically necessary, suddenly the agencies dropped into a precarious fiscal situation and needed to eject the child. The child may actually have been doing well and was stable within the home,

which might even have been a permanency option. So there was a mismatch between the revenue coming into the agency and the cost of operation.

Senator Leslie wondered how it was possible to remedy that problem. Mr. Morton indicated that he believed the state needed a different model of care. In conjunction with Kevin Schiller from Washoe County and Ms. Comeaux from DCFS, they talked with agencies in other parts of the country, one was Anu Family Services in Wisconsin and another was Youth Villages in Tennessee. Mr. Morton thought one of the issues was that Nevada forced every child into a DSM-IV (*Diagnostic and Statistical Manual of Mental Disorders*) diagnosis to secure the necessary help for the child. However, that diagnosis could have later consequences such as a person not being able to enlist in the military because of the childhood diagnosis on his or her record. In many cases the children had behavioral problems, perhaps some mental health problems, but did not necessarily need a DSM-IV diagnosis to receive the necessary treatment.

Mr. Morton believed the treatment model should be more oriented toward treating the diagnosis, the symptoms relating to the diagnosis, and augmenting that with modest behavioral skills training or psychosocial rehabilitation. The most evidence-based model in the country was multidimensional treatment foster care where children received 1 to 2 hours a week of behavioral skills training and 1 hour of psychosocial rehabilitation as opposed to 14 to 27 hours of training, which some children were receiving in the current program.

Mr. Morton noted there were other evidence-based clinical models that were not any more expensive than what was currently being done and the state and counties needed to shift to those models. Mr. Morton noted that Ms. Comeaux had put together a workgroup to devise with a new model. The question was how it would be financed because the most attractive way of financing those arrangements was Medicaid because of the higher reimbursement rates rather than Title IV-E. What Mr. Morton discovered in reviewing programs around the country was that states that were providing higher quality services were funding the majority of the costs with General Fund revenue rather than Medicaid.

Senator Leslie restated that the bottom line was that if the program were to improve, the state would have to put more money into it. Mr. Morton agreed, though he understood it was not a popular concept.

Senator Leslie expressed concern about failing the children in the area of child welfare. She said it appeared that the system was not working anywhere, and that the system was going to have to try to find more resources and would likely end up with more children.

Kevin Schiller, Director, Washoe County Social Services (WCSS), wanted to highlight the Child and Family Services Reviews and the agency improvement plan as he discussed the block grant. When child welfare was integrated in 2001, the sole intent was to improve outcomes for children in the system. That was directly correlated to the two Child and Family Services Reviews. The agency improvement plan drove practice in several areas; two of the main ones were safety and permanency and timeliness for permanency.

Mr. Schiller supported the block grant because of the innovations in practice that WCSS was forced to make within the agency improvement plan when child welfare was integrated. Though it was impossible to foretell the economic future, Washoe County had made strides through innovation of its practices over the past four to five years. According to Mr. Schiller, family solutions teams had been initiated prior to the biennium. The agency saw initial success using a family solutions team model, which was basically a mediating process with independent facilitators, families, neighbors, school officials, and anyone else who could support a family at the point of intervention. That process could be postplacement or preplacement depending on the circumstances. What WCSS had seen in the past two years was that positive outcomes continued to increase. The county originally had high-end foster care or legal placement for approximately 1,050 children and that had been reduced to approximately 750 children. More important was the reduced recidivism rate a year later. The success rate was 85 percent, which in child welfare was significant.

Mr. Schiller continued and highlighted that component in conjunction with community collaborations with agencies such as the Kid's to Senior's Korner and the Children's Cabinet, and indicated WCSS was trying to innovate practice so the focus was on diversion, not on placement of children into foster care. As Assemblywoman Carlton indicated, the safety net lies within the family solutions teams process, the court process, and internal mechanisms. The agency improvement plan, which was tied to the block grant, would encourage WCSS to move forward with those innovative practices, so from that perspective Washoe County was in support of the block grant.

Mr. Schiller said he shared some of Mr. Morton's concerns about managing each year's funding and the spikes in services based on the funding reductions the agencies were seeing. He expressed concern over the treatment-level foster-care system because the parents of juvenile services children could refuse custody when the children were no longer eligible for treatment. Under those circumstances, the county was mandated to provide services. There was a caseload concern and a service concern specific to that population. Another area was that Washoe County Social Services (WCSS) had been able to stabilize its funding requests over the past three years. That stabilization had allowed WCSS to aim for federal reimbursement programs in the area of Title IV-E and targeted case management. The agency had been able to request \$1.5 million to \$1.6 million in the biennium to offset costs along with Title IV-E money.

Mr. Schiller replied to Chair Mastroluca that it was really a shift from a back-end-funded system in foster placement to a front-end system where WCSS was looking at diversion. He said the Kid's to Senior's Korner program was a collaborative effort between the health department, sheriff's office, police department, and other nonprofit groups to focus on diversion in high-risk areas. When WCSS contracted for that service, it saw a 10 percent to 12 percent reduction in reports during those economic times, and he believed that based on its community focus and flexibility with the front-end funds, WCSS was saving money on the back-end. Last year the agency was able to return over \$900,000 to the State General Fund based on those practices.

Mr. Schiller said the block grant flexibility would allow WCSS to focus on the approach to families and children that would improve outcomes. He noted one area that had not yet been discussed was aging-out youth. There was a need to improve practices in that area. The flexibility in the block grant would allow WCSS to approach that population differently, look at them at younger ages, and find a way to be more successful. Mr. Schiller believed there was a gap in the system that directly correlated to the juvenile foster care system.

Thomas Morton, Clark County Social Services (CCSS) commented that he had inherited a huge backlog of children who needed to be adopted. The agency had made great progress, doubling the number of children who had been adopted. There were 442 children whose adoptions had been finalized in 2010. There were 117 adoptions finalized in just the first two months of the year, so the adoption number could reach 600 for the current year. The projected adoption subsidy costs were going up by 11.8 percent a year. The only way to offset that within the capped block grant was to have an 11.8 percent reduction in the adoption-care caseload each year. Mr. Morton indicated that

they were reducing entries into care and were beginning to get children out of care faster. But there was a teeter-totter effect. If the foster-care caseload did not drop sufficiently to offset the increase in adoption subsidies, there would be an increase in the next five years or more because there was no money for reinvestment. There was just an increased fiscal burden on the county.

Senator Leslie stated that she understood what was happening, that costs the state could not longer afford were being pushed down to the county level in many budgets. She believed it was unspeakably tragic that parents were forced to abandon custody of their child as a way to get mental health care for that child. The county was mandated to reunify the family, and those two situations were at cross purposes.

Kevin Schiller, Washoe County Social Services, (WCSS) stated that a child in need of treatment from WCSS would probably have significant behavioral and conduct problems. An example would be a juvenile sexual offender. Treatment facilities for those youth were difficult at best, but when a child moved into a reunification plan, the problem became how that child could be reunified safely with other siblings. Trying to reunify those with extreme behaviors, specific requirements, and the necessary supervision became much more complex and much more expensive. The question of how WCSS was going deliver services to that population would likely require development of new programs.

Senator Cegavske wanted additional information regarding the foster-care rate and she wondered whether the rate increased if a child was on medication or had additional problems.

Ms. Comeaux replied that the average foster-care rate was \$24 a day. There was a specialized foster care rate of \$100 to \$500 per month that was additionally paid to families and it depended on what problems the child had. For example the child who received \$500 a month may have had a G-tube [feeding tube] that required special care. The additional funding was generally for specific medical problems. Ms. Comeaux indicated that the highest reimbursement for behavioral problems was \$100 a month because medication was not tied to the specialized foster-care rate. The foster parents would have to document significant behavioral health issues to receive the additional \$100.

Senator Cegavske said some constituents believed some foster parents asked for additional medication to sedate difficult children and make them more manageable. She asked whether a doctor had access to medical records when evaluating a child and was aware of all medications prescribed for the child.

Her additional concern was that foster parents would take children with higher requirements, more medical needs, for the extra money.

Mr. Schiller indicated that in the foster-care system that was one of the agency's primary challenges even without the impending cost shifts. When a regular foster-care parent came into the system, the problem became how to stabilize the child in that regular foster-care home with wraparound services. The problem became what to provide as a foster-care support system to manage those very complex issues. There was a foster-care stability group that met every week, and anytime there were red flags concerning a child's stability or placement, the case went to that group, which included clinical staff. The clinical staff became responsible for a stability plan in the home, which often required intensive support to the family to manage the child who was struggling. Mr. Schiller indicated that it was really a continual struggle to maintain stability, and the struggle had intensified over the past year.

Senator Cegavske voiced concern over feedback she had received from persons in the community who were really advocating for, and looking after foster children, that the same mentality continued to exist to medicate children to keep them calm rather than actually addressing their needs. She asked whether the counties were placing the children in homes that had the right conditions to help the child.

Mr. Morton responded that he had no doubt that treatment care providers wanted to do the right thing. He did not believe that any of them were nefarious or using children to make money. At the same time, he thought that many of the foster parents who provided treatment-level care received insufficient training for managing the behavior of children with mental health problems. When those foster parents were not well-trained in managing those behaviors, there was a tendency to seek assistance through medication because medication reduced the intensity of the behavior. Also, foster parents had a tendency not to limit the amount of medication, but rather to add additional medications.

Mr. Morton stated that through talking to others, he was aware of that practice and had made a number of efforts to try to improve the situation. He believed that better training of those foster parents was important. He said that the treatment model used was also important. The county staff needed to treat the diagnosis and the symptoms and not just manage the behaviors. As long as the measured intervention was built around managing the social behavior of the child and not treating the medical condition, there was a mismatch. It appeared

to be a spiral that spun further into medication management as a way of solving the problem.

Senator Cegavske stated that her main concern was that someone was documenting every single type of medication that each child was given and that someone was evaluating each case on a regular basis. She believed there should be a combination of medication and behavior modification. She also thought that foster parents should be trained before children were placed in their care. Remarking on an earlier comment from Mr. Morton about a child's diagnosis possibly keeping them from the military, she stated that she thought the children's files were privileged information and private.

Mr. Morton responded that the files were confidential, but he had heard data recently that 75 percent of American youth would not qualify for the military, and there were many reasons they might not qualify. One reason would be a certain mental health diagnosis early in life. If an adolescent child who had been diagnosed with bipolar oppositional defiant disorder applied to the military, he would be required to give a medical history that would disqualify him from service. That was the reference he was making, not that the records would be open.

Chair Mastroluca asked Mr. Morton to share any additional information regarding the issue with Senator Cegavske.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
HHS DCFS – COMMUNITY JUVENILE JUSTICE PROGRAMS (101-1383)
BUDGET PAGE DHHS DCFS - 57

Fernando Serrano, Deputy Administrator, Juvenile Services, Division of Child and Family Services (DCFS), Department of Health and Human Services (DHHS), indicated he would discuss the budget accounts that comprised state juvenile justice.

Mr. Serrano spoke of budget account (BA) 1383. The budget account was used to subgrant funds to judicial districts. A portion of one grant, the Juvenile Accountability Block Grant (JABG) was used for state purposes. Page 28 of [Exhibit C](#) depicted federal funding that was awarded through the Office of Juvenile Justice and Delinquency Prevention. There was approximately \$1.1 million in federal funds. Those funds provided services such as alcohol and substance abuse treatment, education, and community-based accountability programs. The state also had \$90,000 in Juvenile Accountability Block Grant

funding, which had been used for evidence-based programming in state facilities. For example, "Thinking for a Change" was a cognitive behavioral model that had been used in both state and county facilities. Beginning March 21, there would be a statewide "Thinking for a Change" training session sponsored through the grant. Mr. Serrano said there was a plan to launch seven challenges at the Caliente Youth Center, which addressed substance abuse problems in adolescents. There was also a plan to launch a pilot Aggression Replacement Training (ART) program at the Nevada Youth Training Center, which would enhance supervision of Nevada's highest-risk youth.

Mr. Serrano indicated that the Division provided financial resources to the counties through the Community Corrections Partnership Block Grant (CCPBG) program to implement community-based programming for youth at risk of being committed to state correctional care. The difference was that the grant was legislatively appropriated from the State General Fund. The grant funding provided programs such as intensive supervision, mental health and substance abuse treatment, evening reporting centers, and academic training.

According to Mr. Serrano, decision unit Enhancement (E) 326 reinvested savings through a companion decision unit with the Nevada Youth Training Center (NYTC). The Division met with county administrators about the juvenile justice system and determined to reduce the capacity at NYTC from 160 to 110 beds. The plan was to reinvest a portion of that savings into the Community Corrections Partnership Block Grant in the amount of \$267,000. That program had \$1.1 million in block grant money and with the reinvestment the funding increased to \$1.4 million. Mr. Serrano indicated that decision unit E699 eliminated the State General Fund support for the Community Corrections Partnership Block Grant (CCPBG), outpatient treatment, and sex offender evaluations.

In response to an inquiry by Senator Leslie, Mr. Serrano stated that the service providers for conducting sexual offender evaluations would be the same, but the funding source would change to the counties. The funding for outpatient treatment for sexual offenders would also be the responsibility of the counties. Mr. Serrano reiterated that the CCPBG consisted entirely of General Fund rather than federal funding.

Senator Leslie expressed frustration over the elimination of the block grant. She stated that the funding had been increased last session because judges and juvenile justice professionals believed the program could be more successful if they could purchase the programs that they thought best met the needs of

communities, and at that time they were reducing beds. With that additional block grant funding, the professionals believed they would not have to commit as many children. It appeared to have worked as the census at NYTC had trended down. Senator Leslie continued that the current budget did not make sense if all the money in the Community Corrections Partnership Block Grant was eliminated. Money was also being taken away from the camps, which was the intermediate placement option and further reduced beds at Elko. She wondered where those children would be placed.

Mr. Serrano stated that the population at the state correctional centers had held steady since 2009. Senator Leslie responded that the reason it had held steady was because of the Community Corrections Partnership Block Grant. She wondered how they could take away resources from all three parts of the system and expect a successful outcome.

Diane Comeaux, Administrator, DCFS, explained that the system for juvenile services was a bifurcated system. Until placement in state correctional facilities, the front end of the system was the responsibility of the counties and the back end of the system was the responsibility of the state. As with child welfare, if costs were reduced or better invested on the front end, the costs on the back end would decrease. She believed that the state had done its best in making those particular reductions, but it could not continue to invest in what was categorized as the responsibility of the counties.

Senator Leslie stated that it was a natural incentive to counties to commit more children to the state system. The only reason they would do that was because the money the counties had been using to keep youth out of the system was being eliminated. They could not pretend that the counties were going to backfill all the things the state was seeing as a county responsibility.

Ms. Comeaux responded that the state believed that was already a county responsibility based on the way the responsibilities were split.

Senator Leslie stated that judges would commit more children because they had no options—there was no money, and there were no programs because the state had taken away its investment; therefore, more children would be committed to correctional facilities. The state had reduced funding for correctional facilities so there were insufficient beds. Because of the lack of beds, the children who were committed to the state would have to wait in county detention facilities. Senator Leslie wondered who would pay for those facilities.

Ms. Comeaux agreed that if the counties did not invest on the front-end services, more children would be committed to the state and would back up in county detention facilities, which would be an additional cost to the counties.

Senator Leslie expressed frustration over the budget and suggested that an alternate proposal would need to be considered.

Chair Mastroluca requested clarification regarding reinvesting \$267,000 in General Funds into the block grant program, and the proposed elimination of the block grant program.

Ms. Comeaux explained that when the Division had originally submitted its budget request it had proposed a reduction in the number of beds at NYTC and a reinvestment of that money into the block grant program. That decision unit was retained in the budget as E326; however, decision unit E699 eliminated funding that was included in the base plus the additional money for the block grant program.

Chair Mastroluca voiced concern about not having sufficient beds at state facilities for the children who would likely be committed under the current budget proposal. She spoke of her concerns about liability from the county and state perspectives for the children being held in county facilities. She wondered whether there had been discussions with the counties about that problem. Ms. Comeaux responded that there had not been discussions with the counties.

In response to a question by Chair Mastroluca, Ms. Comeaux responded that there would be no loss of federal matching funds in any of the eliminated decision units. The majority of costs for correctional care were General Funds, though a small amount came from the school districts to help pay for the school lunch program. The federal government did not generally participate in correctional care.

Chair Mastroluca wondered what conversations had transpired between the Division and the judicial districts regarding the elimination of those funds.

Ms. Comeaux stated that Senator Leslie had requested that the Division meet with the counties, which it had. The Division met with the NAJJA (Nevada Association of Juvenile Justice Administrators), provided information, and discussed the current budget and program. She indicated that the NAJJA would present a proposal during the current hearing.

Assemblyman Goicoechea asked whether there was a board or commission comprised of court judges across the northern part of the state that dealt with juvenile justice. He had received inquiries from district court judges who wanted a seat on that board.

Mr. Serrano responded that the Supreme Court was setting up a board to discuss juvenile justice problems. His understanding was that there were a number of judges who would be appointed to that board. There was not a current board in existence. He suggested Assemblyman Goicoechea contact the Supreme Court for details.

Chair Mastroluca expressed concern over the budget because the damage that would be done would be irreversible at some point. She asked Judge Doherty and Judge Gamble to present their proposal.

David Gamble, District Court Judge, Ninth Judicial District Court (Douglas County), began by stating the NAJJA was one of the boards closest to the juvenile justice arena. The representatives of the juvenile departments of each judicial district were represented on the Board. Judge Gamble continued that the issue really came down to front-loading or back-loading the system. Over the years, the best practice had been to avoid the final alternative of commitment to state correctional facilities. Most judges believed that was the best policy and had begun to front-load the system with treatment in the community to avoid commitments to state facilities.

Judge Gamble noted China Spring Youth Camp had been created 20 years ago, followed by Spring Mountain Youth Camp and Aurora Pines Girls Facility. Those facilities provided an intermediary community-service location for children who could not remain at home, but who did not need to be committed to the state juvenile facilities at Caliente or Elko. Over the decades China Spring and Aurora Pines had enjoyed a wonderful cooperative effort between the state and the counties. Judge Gamble reiterated that the sixteen northern counties were represented on the advisory board. They all approved the China Spring/Aurora Pines budgets, and the state had statutorily authorized budget support for China Spring. Historically that had been about one-third of the budget. The budget for the current year proposed reducing the China Spring budget by about one-third. The only reduction that could be managed through the China Spring and Aurora Pines camps would be elimination of the girls program. That would eliminate 16 girl's intermediate offender beds, which would not be replaced elsewhere in the system. Judge Gamble believed that would be tragic.

The population where mid-level offenses were rising the fastest was among girls and the loss of those services would be a tragedy for judges around the state. The NAJJA, however, had an alternative proposal.

Judge Gamble introduced Carey Stewart, Chief Juvenile Probation Officer of Washoe County, and District Court Judge Frances Doherty who would explain the proposal in detail. The point of the presentation was that those who were closest to juvenile justice problems would have a good sense of how to best spend the money to get the work done with the children. There was an alternative, it was certainly not the only alternative, but a reasonable alternative that came from the juvenile justice administrators and had been reviewed by all the judges in the state who dealt with juvenile offenders. Judge Gamble also said that District Court Judge William O. Voy would discuss his primary concern which was the high-level offenders who were often gang members in Las Vegas and the need for a place to house them.

Carey Stewart, Director of Washoe County Juvenile Services and the current president of the Nevada Association of Juvenile Justice Administrators, began his presentation. Mr. Stewart spoke about budget cuts having a drastic effect on the current system of juvenile justice in Nevada. The most significant effect would be the need for additional correctional beds. The funds from the Community Corrections Partnership Block Grant were channeled from the state to the counties and would provide service to approximately 800 juveniles statewide. That funding was applied to programs for children who were most at risk for commitment to a state institution. Of those 800 children, said Mr. Stewart, 329 would end up in state correctional care, but 471 of those juveniles would not. Mr. Stewart noted that in the absence of block grant funding, if only 25 percent of those juveniles were committed, there would be a need for an additional 118 beds in state correctional care facilities.

Senator Leslie asked for a handout of Mr. Stewart's presentation, which he provided ([Exhibit E](#)).

Continuing, Mr. Stewart said that the other areas of concern were the room and board payments and the TANF (Temporary Assistance for Needy Families) payments. There were 469 juveniles that entered the juvenile justice system through probation and accessed those room and board payments last year. Those were children who had mental health problems that needed to be addressed. Though they entered the juvenile justice system after committing a delinquent act, through an evaluation process their mental health needs took precedence over correctional needs. Out of the 469 juveniles who accessed

those services, Mr. Stewart had asked fellow juvenile justice administrators how many of those children would have gone to correctional care without services. The response was about 312. If only 50 percent of those children were committed by the courts, there would be a need for an additional 156 beds in the correctional system. The China Spring, Spring Mountain, and Aurora Pines youth camps were very important to the continuum of care. With the elimination of the state funding to the camps the county would have to close Aurora Pines. Last year Aurora Pines served 36 girls through its program. If that program was eliminated it could add the cost of those 36 girls to state correctional care.

Mr. Stewart said the cut to Spring Mountain would be a costly 7 percent of its budget. According to Director Fritz Reese, Clark County would have to close a 20-bed pod as a result of the elimination of that funding. That would mean an additional 40 children would be committed to state correctional care.

Those reductions, in total, would add 207 beds to state correctional care, according to Mr. Stewart. Nevada had been moving forward in the reduction of correctional beds over the past ten years. In the early 2000s, there were 396 correctional beds in the State of Nevada. Currently, the state was recommending a reduction to 250 beds, which was a viable number when the average length of stay and the number of commitments was compared. That was a good capacity to accommodate the state's children, if the Subcommittee could keep the funding in place. If not, said Mr. Stewart, the state and counties would be going in direction that was not best practice and it would be a significant detriment to the system.

Mr. Stewart said that after the initial budget presentation by the Division on February 1, 2011, juvenile justice administrators met to analyze what those cuts would mean to each jurisdiction and to ascertain whether an alternative proposal could be developed. The discussion indicated that there were two current models in place, one in Washoe County and one in Clark County. Those models were through the Juvenile Detention Alternatives Initiative (JDAI). In 2004 Clark County became part of the Initiative, and shortly thereafter Washoe County joined.

The basic concept of JDAI, stated Mr. Stewart, was to eliminate unnecessary use of detention, and in doing so, build community-based programming so children were not sitting in detention facilities. The children remained in their communities which challenged juvenile justice agencies to really assess risk and provide a program for those children. When Washoe County joined the

initiative, the average daily population in detention was 80 children, and over the past year it had decreased to 40. During that time, said Mr. Stewart, Washoe County enhanced its community-based programming so that 42 percent of the children who were booked into the Jan Evans Juvenile Justice Center were released on an alternative program that included house arrest, electronic monitoring, supervised release, and evening reporting. Of the children who exited detention, 86 percent who went into one of those programs did not commit another delinquent act pending their initial court hearing.

Mr. Stewart noted that when juvenile justice administrators met, there was already a successful model in place, and the administrators needed only to introduce that model into the state system. Like Washoe and Clark Counties, instead of investing in detention beds, the state needed to use a system that did not invest in correctional beds because that was the most unsuccessful outcome for children who entered the system. The juvenile justice administrators were proposing that additional correctional beds be taken off-line. If 110 beds of the 250 beds that the Division was recommending could be taken off-line, the funding associated with those beds, which was approximately \$8.7 million, could be reinvested in those areas that were being cut. The money could fully fund the camps at capacity so that there would be an intermediate placement to keep children out of correctional care. The agencies could fund room and board payments for the children with mental health problems.

Mr. Stewart praised Mr. Schiller's comment that the last thing the agencies wanted was for children involved in the juvenile justice system to enter the child welfare system where parents would be forced to refuse custody of their children to secure needed services. The agencies wanted children to remain in the custody of their parents, receiving the services they needed and being integrated back into their homes. By reinvesting that money the agencies could provide alternative community-based programs such as JDAI. They could continue the alternatives that would serve the rural counties as well as Washoe and Clark Counties. The children entering the juvenile justice system would benefit the most. The budget crisis could be a good thing for juvenile justice because it would help agencies look at a different way of doing business. Mr. Stewart opined that there was a model in place that, if followed, would move the state in the right direction.

Assemblyman Goicoechea commented that in eastern Nevada there were many treatment facilities for children in the private sector. White Pine Boys Ranch was now closed, but Daybreak Equestrian was flourishing and he understood

there was another 60-unit facility being proposed at Baker, Nevada. Assemblyman Goicoechea wondered how the state and county used those facilities.

Mr. Stewart responded that those facilities did fit into the continuum of care. However, for juvenile justice agencies to access those facilities there was a financial component because of the room and board payments associated with placements. If those room and board payments were eliminated, Washoe County could not afford to place children at those facilities. On the positive side, when children went to that type of placement, they stayed out of correctional care.

In response to Assemblyman Goicoechea, Judge Gamble noted that a judge could remand a child to a private facility, and judges had occasionally used such facilities as alternatives before the child required the higher level of care offered at Caliente or the Nevada Youth Training Center.

Frances Doherty, District Court Judge, Second Judicial District Court (Washoe County), stated that she had held that position since 2002 and had been the master in the delinquency arena for five years prior. On March 3, approximately 40 masters, district court judges and some Supreme Court Justices met at the annual Family Court Judge Conference in Ely. The proposal that had been presented to the Subcommittee today was presented at the conference. At the conclusion of the presentation, there was full support of the proposal by all members who were present. That was because of the current dire financial circumstances, and the judges who did the work knew the decisions they made would affect the lives of the children they worked with long after those children had left the system. Judge Doherty said the 110-bed reduction would result in an availability of funds in the amount of \$8,758,397. The juvenile justice administrators supported by the family court judges proposed that China Spring and Aurora Pines be funded at full capacity, which included 40 male beds and 24 female beds. That expense was \$1,914,226. Another \$3,335,774 would provide TANF funding.

Judge Doherty asked whether one could imagine as a parent or a guardian being asked to relinquish legal and physical rights to their child because that was the only way the family could access the necessary mental health care that the child needed and would otherwise be denied. Additionally that circumstance usually arose in a time and state of crisis in those families. She noted there were children with serious mental health challenges. For example, while in court the previous Thursday, Judge Doherty met a child who was in an active

delusional state. At that moment, the child believed worms were crawling in and out of his nostrils and the nostrils of others in the courtroom. There was no psychiatric placement program available to take that child.

Judge Doherty noted there were seriously mentally ill children, some of whom would continue to receive treatment in residential therapeutic care, but many of whom could not be stabilized if TANF funding was eliminated. If the funding stayed in place, the judges would triage those children and support their needs for mental health services. The alternative was not to ask parents to relinquish their rights and transfer their children to yet another judicial system where the children may or may not be able to access the services that they needed and where parents would be told that they had to engage in a reunification plan.

Judge Doherty said the plan would take TANF money and combine it with the remaining funds in the \$8,758,397 pool and reallocate the combined amount of about \$6,844,000 to the different jurisdictions in Nevada. Those jurisdictions would then work harder and more directly with that youth population to keep them from being deep-end status children in the system. Judge Doherty believed that the state could never be relieved of the obligation to be the deep-end provider of services. The system would agree to take those deep-end children and keep them closer to home by the reduction in beds. Children would need to be transferred to the care of the state when they had serious mental challenges that could not be handled at the local level. There were a few children that no jurisdiction could afford treatment for, and the state needed to be the provider of last resort.

Judge Doherty said that the proposal took half of that provision and said they would take responsibility for those children because the agencies wanted to keep them in their communities. They wanted to keep them close to their families. She believed that program would be successful, and the evidence would bear that out.

Judge Doherty noted that the proposal left in place the Youth Parole Bureau budget allocation which was \$10 million over the biennium. That budget also had placement dollars that a county could not afford nor was it appropriate for a county to oversee youth parole or deep-end children who needed to remain in state care. The program would be supervised by the state Youth Parole Bureau because that was how the allocation of responsibility has been determined by the state, and the system should continue to operate that way. Judge Doherty stated she thought the number of 347 additional children being committed under the proposed budget was a low figure. She thought the figure would be

closer to 500 if counties had no other alternatives, because they were dealing with children who had limited options. She indicated that the Legislature had created the Community Corrections Partnership Block Grant to keep children out of commitment placements.

Judge Doherty commented that the administrators recognized China Spring as an alternative to children being placed in state care. They recognized that the room and board placement and the support for therapeutic care would keep children at a lower end out of the commitment placement spectrum. If those services were eliminated, Judge Doherty believed more than 347 children would be committed to correctional care. While the state had 250 beds, juvenile detention centers would be backed up. The agencies would be challenged as a state and as a judicial system to address due process rights because of over-occupied facilities and the inability to meet care needs of most children in those facilities. The proposal the NAJJA made was no easier to make than the one DCFS made, but the proposal gave the counties a possibility for reorganizing resources in a way that could be more successful and keep children out of the commitment end of the spectrum. Judge Doherty offered to provide the figures and paperwork after the hearing.

Judge Gamble stated that the Supreme Court was appointing a commission that would recommend the revamping of the entire juvenile justice system before the next Legislative Session. The Supreme Court was talking about a short-term set of facts and there could be an entirely different set of juvenile justice statutes presented by next session.

William O. Voy, District Court Judge, Family Division, Eighth Judicial District Court (Clark County), said he would like to set the record straight. The Nevada Association of Juvenile Justice Administrators (NAJJA) that presented the alternative proposal had one member from Clark County, Mr. Fritz Reese. Judge Voy had received the proposal from Judge Gamble about 36 hours prior to the meeting, and he had not attended the meeting spoken of by Judge Doherty. He did not believe the proposal was an alternative. Judge Voy expressed concern for public safety if the currently proposed budget was passed. He remarked that 85 percent of the children who were committed to Elko came from Clark County. Last year 124 children were committed from Clark County and there had been 148 commitments the prior year. Clark County could not absorb another 130 high-risk children into the community without protective factors or support.

Judge Voy agreed that the facility at Elko needed to be closed because the programming had diminished and the facility was too far from many rural and urban communities. He thought investing the savings into programs was a great idea. His numbers showed that the funding was still \$11 million short. He wondered what he was supposed to do with those 124 to 130 children during the current year. Judge Voy noted that at the end of 2010, through the second round of budget cuts, Summit View Youth Correctional Center had been closed. In 2008 and 2009, 57 children and 58 children, respectively, were certified into the adult system. He wondered what he could do with those children in the meantime. He appreciated the alternative proposal but he could not forget the effect that it would have on Clark County.

Judge Voy stated that when juvenile justice participants talked about changing how they did business on a statewide basis, they needed to involve all participants and should do so only after the plan was well thought out. Any change also had to be implemented over a period of time. He said the middle of a budget crisis was not the time to make sweeping changes. He would be very cautious about shutting down Elko to save the existing programs as an alternative. If that was done, some alternative plans would need to be made ahead of time. If Elko were closed, Judge Voy said he would have no resources to deal with those children, otherwise those certification numbers and transfer numbers would escalate, and he would need to send more children into the adult system.

Judge Voy mentioned that 85 percent of those children were minorities. Perhaps the other 15 percent could be absorbed through the state, but the county did not have the resources for the other 85 percent. That was why the children were there in the first place. The proposal as an option did not solve the problem. Judge Voy wished he had a solution.

Judge Voy said he represented 3,800 children from Clark County, 3,200 on probation and about 600 on parole. He was not representing an association or the county government, but he was representing those children. Those youth were not going to be marching in front of buildings, doing sit-ins, or call-ins like other members of the community with their budget complaints. He was their only representative. He understood the effect that the proposed budget would have and was certain that more children would be referred to the adult system, and there would be an increase in the overall representation of minorities.

Judge Voy pointed out that the budget also involved public safety. He asked what he could do with a child who had been through the system and kept committing offenses and where everything else had been tried, including commitment to Caliente, and with Elko proposed to be closed. Without an alternative he suggested there would be another robbery with a gun in a Walmart parking lot or an elderly lady would get robbed and knocked to the ground. Judge Voy said he would have to make a decision to transfer that child based on what was in the best interest of the public, not what was in the best interest of the child. That was the law. And how could he possibly make a finding that a youth who had now robbed another person at gunpoint could stay in the juvenile system when there was nothing else to offer him. He believed that there was no quick-fix solution. He thought that just as the proposed budget was a quick-fix answer to the current fiscal crisis, so was the proposal that the association had offered. He was greatly concerned for the children in his care in Clark County. He asked for understanding of the effects of the budget on the juvenile justice system in Clark County.

Fritz Reese, Director of Juvenile Justice Services of Clark County, shared Judge Voy's concerns. He was also an officer of the Nevada Association of Juvenile Justice Administrators. He spoke about the importance of the Community Corrections Partnership Block Grant in Clark County. There had been a reduction of 36 percent to 37 percent in commitments to correctional care. He stated what a great job had been done by the Community Corrections program as well as Judge Voy in reducing commitments by 64 percent since 2004. He said that in Clark County alone, 287 youth accessed at least one day of Medicaid spending payments. Those were not correctional youth, but youth who were in need of mental health treatment for juvenile sex offenses. With the proposed reduction, Mr. Reese wondered how to treat 287 youth who needed special handling. Without funding they would have to be sent to correctional care.

Mr. Reese said he believed the county had met its obligation in doing a good job on the front-end and had kept many children from being sent to state correctional care. Without funding, the agency would be unable to continue along that path.

Mr. Reese also expressed concern over the proposed reduction of \$107,000 for the general sex offender treatment program. While that was not a large amount of money, it translated into 139 youth who would not receive special evaluation and group and individual therapy. An additional concern was that Clark County had an agreement with the state that Spring Mountain after-care would be

funded at about \$250,000 a year. That money covered two full-time after-care officers as well as a full-time mental health clinician whose responsibility was to reconnect children with the appropriate resources in the community after they left the camp. Mr. Reese said there were 253 youth in the Spring Mountain Youth Camp program last year. If the state cut the funding, the program would have to look to Clark County for funds. However, the county announced last week it was requiring all department heads to reduce staff by 8 percent. That policy would significantly decrease the services of the county in general. It was a tough decision when all the administrators and the judges came up with the proposal that had been presented earlier. Mr. Reese shared Judge Voy's concern about the reduction of 110 beds. But he was even more concerned about the reduction in community front-end spending as well as keeping youth out of correctional placements to allow them to be more successful in their communities.

Chair Mastroluca believed it was admirable that the judges and administrators came together to work out the proposal, and there would be additional discussion about that proposal at a later date. Chair Mastroluca indicated that the Subcommittee wanted to devote sufficient time for public comment at the end of the meeting.

Judge Gamble commented that some of Judge Voy's and Mr. Reese's concerns would be addressed by the money that flowed, because of the elimination of beds, to the counties based on school population for use at their own discretion, which would include placement of children from all counties in an appropriate setting. Some of those secure beds could be afforded that way. The concept of the Nevada Association of Juvenile Justice Administrators (NAJJA) proposal was that it found the current budget unacceptable and tried to find an alternative proposal. The plan had been discussed by those who did the work day-to-day and indicated how the money would be better spent.

Senator Leslie added her appreciation to the NAJJA. She had challenged them to meet with the state and come up with an alternative and they did. She believed Judge Voy has raised some legitimate concerns. He had the biggest population of delinquent children, and she had been concerned for a long time about the remote location of NYTC and Caliente, and the removal of children from Las Vegas and other urban areas. She did not think that adequate resources were provided at those facilities now, nor had they been in the past. Senator Leslie opined that there had to be a solution. The Subcommittee had to close the budget, so Senator Leslie issued another challenge after hearing the proposal and Judge Voy's comments. She felt the solution would be

a third proposal with compromises on all sides. She believed the Legislature could not close the budget as it was recommended for all the reasons heard that morning. It put everybody at risk. Philosophically she thought the alternative proposal went in the right direction.

Senator Leslie pointed out that she had been appointed to the Supreme Court task force, which would be challenged over the next two years to devise a real reform package. However, the process could not be changed overnight, and in the meantime there had to be a solution. She challenged the NAJJA to again meet with the state. She expressed appreciation to Ms. Comeaux and her staff for their willingness to have that discussion and return to the Subcommittee with another idea which involved having the Subcommittee put more money into the budget and also included the idea that over the next two years the juvenile justice system would be revamped to come up with solutions that met the needs of the various communities in the state. In the meantime, Senator Leslie wondered what could be done with the current budget to make it acceptable for the next two years. She said that the participants in the talks were the experts, and the Subcommittee really needed their advice. They needed Judge Voy's participation because of Clark County's unique needs. She asked them to find a solution that would get the juvenile justice system through the next two years.

Judge Voy agreed to participate in the process. He stated that he had started planning for the need last July and had some ideas for a proposal. He requested that all participants come to the meeting with open minds. He was willing to do all he could to make a difference between now and the time there was a final reform to the system.

Chair Mastroluca felt confident that all participants would work together to find a solution. She indicated that the Subcommittee would next consider budget account 3147, Youth Alternative Placement.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
HHS-DCFS – YOUTH ALTERNATIVE PLACEMENT (101-3147)
BUDGET PAGE DHHS DCFS - 65

Fernando Serrano, Deputy Administrator, Juvenile Services, Division of Child and Family Services (DCFS), Department of Health and Human Services (DHHS), stated he would discuss budget account 3147, Youth Alternative Placement, as depicted on page 29 of [Exhibit C](#).

Mr. Serrano stated that should a minor who received community-based services through local probation departments continue to re-offend, the juvenile court judge could commit the child to a county camp. Such a commitment would be consistent with the concept of graduated sanctions and was followed by continued community supervision upon release from the facility.

The Division of Child and Family Services (DCFS) had provided financial resources to the counties through support of each county youth camp for the detention of children who had been adjudicated delinquent by Nevada courts. County youth camps consisted of three facilities: China Spring Youth Camp in Douglas County, Aurora Pines Girls Facility in Douglas County, and Spring Mountain Youth Camp in Clark County. Decision unit Enhancement (E) 699 eliminated state General Fund support for the county youth camps.

Senator Cegavske asked how many children would be represented by a 10 percent General Fund reduction.

Diane Comeaux, Administrator, DCFS, responded that decision unit Maintenance (M) 160 continued a 10 percent reduction in the total cost of state participation. Her understanding was that the 10 percent reduction would not reduce the number of children served, but rather would be addressed by holding open a number of vacant positions. Ms. Comeaux indicated that she would follow up with specific information.

Ms. Comeaux also stated that state participation in China Spring and Aurora Pines was about 33 percent of the overall budget and the state's reimbursement for Spring Mountain represented about 7 percent of its overall budget. The amount had historically been about \$541,000 per year. Spring Mountain had asked the Legislature to increase the contribution to the camp, but to no avail. There were no alternative plans for operating the camps.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
HHS–DCFS – JUVENILE CORRECTIONAL FACILITY (101-3148)
BUDGET PAGE DHHS DCFS - 68

Fernando Serrano, Deputy Administrator, Juvenile Services, Division of Child and Family Services (DCFS), Department of Health and Human Services (DHHS), discussed budget account 3148, Juvenile Correctional Facility, depicted on page 31 of [Exhibit C](#).

Mr. Serrano stated that decision unit Maintenance (M) 160 continued budget reductions approved during the 26th Special Session (2010), specifically the closure of the Summit View Youth Correctional Center, which had been closed on May 1, 2010.

Mr. Serrano indicated that decision unit Enhancement (E) 900 transferred the out-of-state youth placement costs to the Youth Parole Services budget as a result of the closure of Summit View. That would fund out-of-state correctional placements when necessary. Funding would move to the Youth Parole budget account.

Decision unit E902, said Mr. Serrano, transferred two positions, one personnel analyst 1 and one clinical program planner 1, to the Children, Youth and Family Administration budget (BA 3145) because of the Summit View closure. The personnel analyst position functioned as the personnel liaison for all juvenile services budgets, but the costs associated with that position were budgeted in BA 3148. The clinical program planner provided planning and performed various audits of correctional facilities and placement facilities that housed youth under the custody of the Division. The duties and mandates of that position did not change with the closure of the facility.

Mr. Serrano stated that pages 32 and 33 of [Exhibit C](#) contained information about Summit View that had been previously provided to the Subcommittee with the exception of the final paragraph on page 33, which stated that the Division of State Lands had twice rebid the second appraisal, the last time in December 2010, and had received no viable bids. The methodology and conclusions of the appraisal would be reviewed within the next 30 to 60 days. If the appraisals were sound, the Division of State Lands would then seek Interim Finance Committee (IFC) approval to lease or sell the property.

Responding to an inquiry by Senator Cegavske, Diane Comeaux, Administrator, DCFS, referred to page 32 of the exhibit and said the Division met with members from the Office of the State Treasurer, bond counsel, and the Governor's staff. There were restrictions on what could be done to repurpose the property. One option would be an upfront sale to either a *U.S. Code*, Title 26, Section 501(c)(3) [a tax-exempt nonprofit] or a for-profit organization or an installment sale to a 501(c)(3) organization only. The outstanding balance of principal and interest of approximately \$9.8 million had to be put into a separate escrow account to satisfy the debt.

A second option, said Ms. Comeaux, was to lease the facility, which would also be limited to a 501(c)(3) organization. The lease would be based on fair market value as determined by the appraisal. A third option was to enter into a management agreement for the operation of the facility that was similar to what had been done when the facility was originally opened. A private entity had run the facility, and that remained an option. It could be a nonprofit or a for-profit company.

Ms. Comeaux said that based on those options, the management agreement or contracting out operation of the facility was not included in the Governor's proposal. That left only the options to sell or lease the property. State Lands had been tasked with seeing what price the sale or lease would net. An original appraisal was done. The law specifically required that there be two appraisals made with an alternative procedure to satisfy that requirement. The first appraisal of the value of the property for sale was about \$14.7 million which was more than the \$9.8 million owed. The lease was valued at \$1.7 million per year. The second appraisal had not been done because no viable bids had been received. The Department of Transportation had agreed to have one of its appraisers do a peer review of the appraisal. If the peer review supported the completed appraisal, the methodology, and the findings, the Division of State Lands would approach the Board of Examiners and the Interim Finance Committee to ask for approval to waive the second appraisal requirement. The property would then be auctioned for sale or bid for lease.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
HHS-DCFS – CALIENTE YOUTH CENTER (101-3179)
BUDGET PAGE DHHS DCFS - 75

Fernando Serrano, Deputy Administrator, Juvenile Services, Division of Child and Family Services (DCFS), Department of Health and Human Services (DHHS), discussed budget account 3179, Caliente Youth Center (CYC), as depicted on page 34 of [Exhibit C](#).

Mr. Serrano stated that the rule of thumb was 3 percent to 5 percent of youth at the county level would be committed to state correctional care in any given year. That percentage of youth at the county level represented 100 percent of the youth in state facilities. All the youth in state facilities were the highest-risk youth in the state.

Mr. Serrano indicated that the Caliente Youth Center was a staff-secure, co-educational juvenile correctional facility serving 140 youth (100 males, 40 females). There were no new programs or changes to existing programs being recommended at the current time. On page 34 of the exhibit, information highlighted the number of youth served and some of the problems that were observed. When youth were received at the facility, their offenses were listed. Additionally, most of those youth presented a number of other problems that needed to be addressed such as alcohol or substance abuse, academic failure, and mental health problems.

In response to an inquiry by Chair Mastroluca, Mr. Serrano stated that the closure of Summit View had not directly affected the operations at Caliente. A number of youth had been moved to the Nevada Youth Training Center. Others had been released on parole on a predetermined parole date and others were placed in miscellaneous mental health treatment home placements. None of the Summit View youth had been sent to the Caliente Youth Center.

Diane Comeaux, Administrator, Division of Child and Family Services (DCFS), responded to Chair Mastroluca that the four vacant group supervisor positions would be filled. She pointed out on page 34 of [Exhibit C](#) that the average length of stay at the facility for males was 7.87 months and for females, 7.08 months. There were commitments to that facility on an on-going basis. Children arrived, spent their time, graduated out, and were replaced with others. She anticipated that the facility would remain at full capacity, which was 140 youth on average.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
HHS-DCFS – NEVADA YOUTH TRAINING CENTER (101-3259)
BUDGET PAGE DHHS DCFS - 81

Fernando Serrano, Deputy Administrator, Juvenile Services, Division of Child and Family Services (DCFS), Department of Health and Human Services (DHHS), discussed budget account 3259, Nevada Youth Training Center, depicted on page 35 of [Exhibit C](#).

Mr. Serrano stated that the Nevada Youth Training Center (NYTC) was a 160-bed residential juvenile correctional facility in Elko. The recommendation was to decrease the facility's capacity to 110 beds.

Decision unit Enhancement (E) 660 eliminated 14 positions consisting of one vice principal, one academic teacher, one youth training center counselor, one mental health counselor, and 10 group supervisor positions as the result of closing one unit (20 beds) and reducing the teaching staff to a ratio of 1:10.

According to Mr. Serrano, decision unit E326 reflected the net savings from the closure of two living units and associated costs. One of the remaining 20-bed units would be converted to an intensive supervision unit which would include a 1:6 staffing ratio. Both facilities had been staffed at a 1:10 ratio during waking hours and a 1:16 ratio at night. The more intensive staffing ratios combined with a mental health counselor being assigned to the unit provided more intensive services than those currently provided at NYTC. They provided a full range of services to address the problems that were described at the bottom of page 35 of the exhibit. Staff was proud of the academic achievements of the youth there. Vocationally, there were welding and culinary arts programs that they were very proud of and planned to enhance.

Mr. Serrano responded to Senator Leslie that the staffing ratio was 1:6 on the swing shift and 1:16 on the overnight shift. The intensive supervision unit offered more counseling and was more highly supervised. Those 20 youth would represent the highest of Nevada's high-risk, high-need youth. The 1:6 ratio staffing would take care of the security problems with the state's most serious youth, and the mental health counselor specifically assigned to that unit would address the needs that those minors presented, in combination with the other mental health, life-skills programming staff.

Senator Leslie asked how quickly beds could be opened if the number of beds were cut in the budget, but more commitments to the correctional center required more beds.

Diane Comeaux, Administrator, DCFS, responded that the Division would have to approach the Interim Finance Committee (IFC) to get permission and then hire staff. She thought the quickest it could be done was about four months.

Mr. Serrano reiterated to Chair Mastroluca that the staffing ratio was 1:6 in the day and swing shift and 1:16 in the evening hours. The regular ratio was 1:10. The 1:10 ratio was a standard that was used at all facilities.

Chair Mastroluca indicated that while looking at the expenses that were proposed to be decreased because of the loss of the additional beds, with 50 beds being recommended for reduction, some of the expenditures, like

utilities, did not seem to reflect the change. She requested that Ms. Comeaux work with Fiscal Analysis Division staff to review the budget numbers. She asked whether the staffing ratios would change with the addition of the proposed supervisor positions.

Mr. Serrano replied that the staffing ratios would remain the same in the other residential units in the facility. The only change would be in the intensive unit.

Ms. Comeaux stated that her superintendent had written an excellent white paper [an authoritative report or guide] on the changes that would occur at the facility. She offered to provide it to the Subcommittee

Chair Mastroluca asked that with the proposed changes and reductions was there any way to anticipate the number of youth that might actually be turned away that needed help. Ms. Comeaux reiterated the 347 a year figure that the juvenile justice administrators had provided.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
HHS-DCFS – YOUTH PAROLE SERVICES (101-3263)
BUDGET PAGE DHHS DCFS - 88

Fernando Serrano, Deputy Administrator, Juvenile Services, Division of Child and Family Services (DCFS), Department of Health and Human Services (DHHS), discussed budget account 3263, Youth Parole Services, found on page 37 of [Exhibit C](#).

Mr. Serrano stated he believed the budget item represented one of the most challenging aspects of the juvenile justice system because the state took the highest risk youth, provided them with intensive treatment and academic services in the state correctional facilities, and then began the process of reintegration. The agency provided community supervision through the reintegration process through a series of community-based services, which was called aftercare. He believed that aftercare began the first day a minor arrived at a facility, where staff assessed needs, provided treatment, and developed a treatment plan. The plan then served as an aftercare plan that the officers within the Youth Parole Bureau followed with the high-risk population.

Mr. Serrano said decision unit Enhancement (E) 900 transferred costs associated with the Summit View Youth Correctional Center that was now closed, to Youth Parole Services for out-of-state correctional placements should those placements become necessary. Decision unit E251 replaced officer

uniforms, and decision unit E699 recommended assessing judicial districts for Youth Parole Services.

Chair Mastroluca asked whether the Division had requested funding for uniforms in the past.

Diane Comeaux, Administrator, DCFS, did not recall whether the request had been made previously. Her staff had been required to wear uniforms for some time and had been paying for them. The Division would now ask that the state take over the \$7,500 responsibility.

Senator Leslie asked Ms. Comeaux to keep a total of what the Legislature was asking the counties to do. The total annual cost for the expense would be \$5.4 million to the counties. Ms. Comeaux referred the Subcommittee to page 38 of [Exhibit C](#), which showed the effects those expenses would have on the counties.

Senator Leslie indicated that the counties should have been consulted about those issues that affected them. She indicated that there were two issues, who could provide the best service and who should pay for it. She suggested that Ms. Comeaux's proposal was that the state keeps the function but bills the counties for the services. Ms. Comeaux agreed that was the case.

Chair Mastroluca stated that budget account (BA) 3229 would be heard next. She indicated that they were not going to cover BA 3242, Child Welfare Trust.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
HHS-DCFS – RURAL CHILD WELFARE (101-3229)
BUDGET PAGE DHHS DCFS - 39

Amber Howell, Deputy Administrator, Child Welfare, Division of Child and Family Services (DCFS), Department of Health and Human Resources (DHHS), discussed budget account 3229, Rural Child Welfare, found on page 25 of [Exhibit C](#).

Ms. Howell stated that the Division's Rural Child Welfare program supported child protective and child welfare services throughout rural Nevada. Among the services were the prevention, investigation, and treatment of child abuse and/or neglect. The budget funded 125.57 full-time equivalent (FTE) positions and associated operating costs.

Ms. Howell said decision unit Maintenance (M) 201 requested continued funding for projected caseload increases of 9.2 percent in fiscal year 2012 and 9.1 percent in fiscal year 2013 for adoption subsidies based upon historic growth rates. Decision unit M202 requested funds for projected caseload increases of 2.218 percent annually for foster care.

Ms. Howell stated that a decrease in funding for decision unit Enhancement (E) 606 eliminated two positions consisting of one mental health counselor and one administrative assistant. Both were currently vacant positions.

There was also a decrease in funding requested for decision unit E630 which eliminated a total of eight family support worker positions that were approved in the 2009 Legislative Session. Those positions were never filled because the Social Security income was not sufficient to support those staff positions and they would have been subjected to layoff.

Ms. Howell said there had been no new programs added to the budget account, but there was one major modification. Decision unit E699 included a proposal to assess rural counties for the cost of child protective services currently funded with General Fund appropriations. Requiring rural counties to fund those services directly was consistent with the current practice in Clark and Washoe Counties. A child protective services (CPS) budget bill draft request had been submitted that would authorize the Division of Child and Family Services to assess each county, with the exception of Washoe and Clark Counties, for the cost of the provision of protective services as defined in *Nevada Revised Statutes* (NRS) 432B.044. The Division was proposing the assessment be determined based upon the percentage of the population for persons less than 18 years of age. Included on page 26 of [Exhibit C](#) was the identified dollar amount for each of the rural counties.

Ms. Howell responded to Chair Mastroluca about the two positions listed in decision unit E606. One position would be moved into another vacant position so there would not be a layoff. The administrative assistant position had been going through the hiring approval process and has been vacant for six months to seven months.

Chair Mastroluca asked what the response and conversation had been with the rural counties regarding taking on those responsibilities.

Diane Comeaux, Administrator, DCFS, responded that there had been no direct response from any counties. The Nevada Association of Counties (NACO), had indicated that the counties could not afford that commitment, but the counties had not responded directly.

Chair Mastroluca was confused about decision unit M201. There was a projection of a 14 percent increase on the account, based on actual costs from 2010. She was not clear about the non-Medicaid-eligible expenses in the account and whether that was the appropriate account for them to be in. She asked Ms. Comeaux to work with Fiscal Analysis Division staff for clarification. She asked why some of the children did not qualify for Medicaid. Ms. Comeaux replied that if they were a noncitizen they would not qualify for Medicaid even though they were in state custody.

Assemblyman Goicoechea asked what the fiscal effect was for noncitizen children. Ms. Comeaux replied that the total actual expenditure in fiscal year (FY) 2010 was \$10,053,376. The projected expenditure for FY 2012 was \$1.3 million and about \$1.5 million for FY 2013.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
HHS-DCFS – WRAPAROUND IN NEVADA (101-3278)
BUDGET PAGE DHHS DCFS - 95

Patty Merrifield, Deputy Administrator, Children's Mental Health, Division of Child and Family Services (CDFS), Department of Health and Human Services (DHHS), discussed budget account 3278, Wraparound in Nevada (WIN), found on page 40 of [Exhibit C](#).

Ms. Merrifield stated that WIN provided intensive care coordination for youth with severe emotional disturbances and multiple complex needs across multiple systems, and who were in foster care custody in Clark, Washoe and rural counties.

The first decision unit Enhancement (E) 911 recommended the transfer of WIN southern Nevada operations to include rural Pahrump into the Southern Nevada Child and Adolescent Services program, budget account 3646. That included the transfer of 35 full-time equivalent (FTE) positions. The majority of administrative support and overhead for the program was provided by staff and facilities in Southern Nevada Child and Adolescent Services. The transfer allowed DCFS to allocate a larger percentage of those costs to the program, thereby blending them in the rates and maximizing federal Medicaid

reimbursement. The transfer was projected to result in \$103,461 in additional federal revenue over the biennium.

Ms. Merrifield said the companion decision unit E912 recommended the transfer of WIN northern and rural operations to the Northern Nevada Child and Adolescent Services program, budget account 3281. That included the transfer of 22 FTE positions and was for the same purpose as decision unit E911. Under the DCFS approved cost-allocation plan with federal Medicaid, the Division was approved for 100 percent reimbursement for Medicaid-eligible costs and services for eligible children. Within DCFS Children's Mental Health programs, WIN had the highest percentage of Medicaid-eligible costs, services and children. That allowed administrative costs currently incurred in BA 3281 and BA 3646, which support WIN, to be appropriately cost-allocated to WIN. Total additional federal revenue over the biennium would be \$340,936. The DCFS would continue to track WIN program data separately after those transfers.

Assemblywoman Carlton indicated that it appeared the same program would be moved to two new addresses. Ms. Comeaux agreed with that assessment and said that eventually budget account 3278 would be eliminated. The Division would separate the staff into the other two budget accounts. She stated that there were no layoffs slated in the budget account.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

HHS-DCFS – NORTHERN NEVADA CHILD & ADOLESCENT SERVICES (101 3281)

BUDGET PAGE DHHS DCFS - 101

Patty Merrifield, Deputy Administrator, Children's Mental Health, Division of Child and Family Services (DCFS), Department of Health and Human Services (DHHS), discussed budget account (BA) 3281, Northern Nevada Child and Adolescent Services, found on page 41 of [Exhibit C](#).

Ms. Merrifield stated that Northern Nevada Child and Adolescent Services (NNCAS) was a program located in Washoe County that provided comprehensive mental health assessment, therapy, care coordination, and treatment home services to children and adolescents from birth to 18 years of age and their families.

Decision unit Enhancement (E) 905 recommended the transfer of a management analyst 4 position from the Children, Youth and Family Administration budget, BA 3145, to BA 3281. The position's duties were fully dedicated to children's mental health functions to include oversight of Medicaid billing and acting as the liaison to the Division of Health Care Financing and Policy. The transfer properly aligned the position in the budget it supported and put it under the most appropriate cost-allocation plan.

Ms. Merrifield advised that decision unit E910 recommended the transfer of \$47,849 from the Southern Nevada Child and Adolescent Services budget, BA 3646, to BA 3281 to support services provided by Nevada Parents Encouraging Parents (PEP) to families whose children were receiving services in Washoe County from the program. Family Support Services provided direct support to families of children and adolescents with severe emotional disturbances; the goal being to either maintain the child in the family home or return the child to the family home. Originally Nevada PEP Family Support Services were available only to families in southern Nevada. As families in northern Nevada began to ask for those services as well, Nevada PEP was able to expand its services to northern Nevada with DCFS funding support. The reallocation supported those services in both communities.

Ms. Merrifield responded to Chair Mastroluca that the closure of the satellite office recommended in decision unit E325 would not affect clientele receiving services there. The office had already been closed. Because of action by the 2010 Special Session, the agency lost some positions and had downsized, and could now accommodate all staff at the Enterprise Road office.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

**HHS-DCFS – SOUTHERN NEVADA CHILD & ADOLESCENT SERVICES
(101-646)**

BUDGET PAGE DHHS DCFS - 112

Patty Merrifield, Deputy Administrator, Children's Mental Health, Division of Child and Family Services (DCFS), Department of Health and Human Services (DHHS), discussed budget account 3646, Southern Nevada Child and Adolescent Services (SNCAS), found on page 42 of [Exhibit C](#).

Ms. Merrifield stated that the program was in urban Clark County and provided comprehensive mental health assessment, therapy, day treatment, care coordination, treatment home, and inpatient psychiatric services to children and adolescents from birth to 18 years of age and their families.

Ms. Merrifield said decision unit Enhancement (E) 663 recommended the closure of the West Early Childhood Day Treatment program leaving the north and east programs continuing to provide those services. The west program had the lowest number of referrals of the three programs, and the agency estimated that 35 children would no longer receive those services with the closure. Those children would continue to receive therapy and intensive case management services from DCFS Early Childhood Mental Health Services. Ms. Merrifield indicated that two positions would transfer responsibilities within DCFS to support the increased quality improvement activities as discussed earlier in the Children, Youth and Family Administration budget, BA 3145; one position would provide supervision to the WIN program, and one position would be eliminated and was subject to layoff.

Ms. Merrifield continued that while not a budget item, DCFS was asked to discuss the plan to convert the Children's Acute Unit in the Desert Willow Treatment Center (DWTC) to a specialized Residential Treatment Unit. The DWTC was an 8-bed unit that served children under the age of 12. The number of children under the age of 12 who required inpatient acute psychiatric care from DWTC had been decreasing. The occupancy percentage of the 8-bed unit had decreased as outlined on page 43 of [Exhibit C](#).

According to Ms. Merrifield, the CEO's of the two private psychiatric hospitals in Clark County had also noted that referrals for acute psychiatric care for children under the age of twelve had decreased. Therefore, DCFS was looking at better utilization of the 8-bed unit to address an unmet mental health need for Nevada's children.

Ms. Merrifield referred to page 44 of [Exhibit C](#), noting it included information on the referrals to residential treatment at DWTC, excluding those for juvenile sex offender treatment, between January 2009 and the current year. There were 75 children whose needs could not be met by Desert Willow because of co-occurring substance abuse or developmental disabilities disorders. Of those, 73 had co-occurring substance abuse treatment needs, and 2 had co-occurring developmental disability needs. Page 45 of the exhibit noted that DCFS had surveyed the child welfare and juvenile justice data reports on youth who were currently in out-of-state residential placements to determine the unmet treatment needs in Nevada that were resulting in out-of-state treatment for many of those children. Anecdotally DCFS was told there were primarily two populations, co-occurring mental health and substance abuse and co-occurring mental health and developmental disabilities. The data reports on 113 youth

were reviewed. The highest diagnostic group for all youth in out-of-state residential treatment was 33 who had co-occurring mental health and substance abuse disorders. Seven children had co-occurring mental health and developmental disabilities.

Ms. Merrifield explained that in the 2007 Legislative Session, DCFS was approved for the conversion of one of their existing 12-bed residential treatment units from a treatment unit for mental health needs only to a co-occurring unit for mental health and substance abuse needs. When, in the fall of 2007, it became apparent that state revenues were declining, DCFS put a hold on that conversion. The conversion was subsequently cut in the 2009 Legislative Session. As acute care units had higher staffing ratios in residential care, DCFS would be able to do a conversion of the unit without additional staffing. The agency would be prioritizing some of the existing resources to train staff in substance abuse treatment.

In response to an inquiry by Senator Cegavske, Ms. Merrifield stated that the decline they had seen was across uninsured children, children who had Medicaid eligibility, and children with private insurance. The number of children under the age of 12 being referred in their community for inpatient psychiatric care had declined. The Division had not been able to ascertain the reason for the decline. The recommendation was that the agency would continue to run the 14-bed male sexual offender treatment unit. The DCFS would also continue to run two residential treatment units of 12 beds each for youth with primary intense mental health needs. The agency would also convert the 8-bed unit, which was currently empty and had not been used for several weeks, for children with co-occurring mental health and substance abuse disorders.

Ms. Merrifield responded to Senator Cegavske that there were separate locked units that required a passcard and a key. There was a double lock system to access each unit. When a child left a unit, he was always supervised by staff. One unit would be transferred to the gym at a different time than another unit went to art therapy. Staff was always vigilant and particularly vigilant about the supervision of the juvenile sex offenders. The agency would continue to run the 12-bed, adolescent acute-unit that was still needed.

Senator Cegavske asked about the success rates of the various programs. She wondered how long a child's progress was followed after completion of a program. The public wanted to know about the efficacy of the treatment being provided and wanted to know that their tax dollars were well spent. The DCFS provided a service that was very important. She was interested in the

methodologies and treatment programs that were provided within the state, and the results of those programs.

Diane Comeaux, Administrator, DCFS, said she would be happy to provide that information. The Division had also provided some outcome measures in their priority and performance-based budgeting on its website.

Chair Mastroluca wanted assurance that there would be no loss of Medicaid funding because of the way Desert Willow was operated.

Ms. Comeaux said she could not give that assurance. There had been an on-site federal visit a number of years ago when the federal government indicated that it would not approve agency regulations to operate both an acute psychiatric hospital and an RTC (residential treatment center) within the same building. Last session, the Division approached the Legislature and asked to build a separate hospital for the acute unit. That was approved as a CIP (Capital Improvement Program) project. The Division had done the design for that facility but had not moved forward on the construction for a number of reasons. Some things had changed significantly over time based on the decline of need for acute beds. The decline in state revenues affected the decision. The DCFS would have had to cut additional programs to open the new hospital. The agency decided it was not the best use of money in those current economic times. Additionally, DCFS was not certain of the effect of health care reform on the need for those services. In the event that the agency could no longer claim federal reimbursement, the intent would be to close the acute unit and divert that money to the children who were not Medicaid-eligible in the community.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
HHS-DCFS – CHILD CARE SERVICES (101-3149)
BUDGET PAGE DHHS HEALTH - 7

Diane Comeaux, Administrator, Division of Child and Family Services (DCFS), Department of Health and Human Services (DHHS), discussed budget account 3149, Child Care Services, as depicted on page 46 of [Exhibit C](#).

Ms. Comeaux indicated that there were a number of decision units in the budget account that recommended transferring Child Care Services from the Division of Child and Family Services to the Health Division and incorporating Child Care Services within the Health Division's regulatory oversight. Ms. Comeaux stated that decision unit Enhancement (E) 225 included the Health Division's administrative cost-allocation dollars for support services. Decision unit E325

would replace General Fund dollars with an increase in Child Care Development Block Grant funds transferred from the Welfare Division.

Chair Mastroluca asked what efficiencies were being gained by relocating Child Care Services within the Health Division. Ms. Comeaux responded that the Department believed Child Care Services would work better under the Health Division's regulatory oversight. Ms. Comeaux explained that a number of years ago there had been legislation that attempted to expand the Division's requirements for licensing to include facilities such as Child Haven. As an unintended consequence, DCFS now had the requirement of also licensing other facilities under Child Care licensing. For example, the Division had received an application to license a facility in Douglas County that would serve girls suffering from bulimia. Clearly, said Ms. Comeaux, applying child care licensing regulations to that type of program was ineffective. The Department believed that if Child Care Services was within the Health Division, it could better serve the groups who would fall under the child care licensing law.

In response to an inquiry from Chair Mastroluca, Ms. Comeaux said that it was possible to transfer funds from the Child Care Development Block Grant to offset the need for General Funds for the account; however, those funds supported subsidized child care for persons who were receiving Temporary Assistance for Needy Families (TANF) payments. Significant cuts had already been made to the welfare budget, and it would be particularly difficult to take more funding from that program.

Chair Mastroluca asked about the possibility of increasing the licensing fees to cover those costs. Ms. Comeaux said it was the Governor's wish not to increase fees within the DHHS budget.

Assemblywoman Carlton stated that in some areas, persons requesting the licenses bore the burden of paying for the license. By not asking for fee increases, the state would be subsidizing those licensees. Ms. Comeaux agreed.

Chair Mastroluca stated that the budget review was completed and the Subcommittee would move to public comment.

Gard Jameson, Chair of the Children's Advocacy Alliance, spoke about the foster care bill of rights. Referring to Thomas Morton's comments, Mr. Jameson wondered how they could afford to have an \$11 million dollar reduction at the front end. He likened it to asking a child to run more quickly

with his feet cut off. He stated that the budget could not be supported from the standpoint of child advocacy. If there was good news here, it was that the crisis forced everyone to focus on the preventive side, on the front-end rather than the back-end. The fiscal note associated with the program was that with the children who were aging out of the system, three out of every four girls were pregnant and winding up in the welfare system. Additionally, six out of ten boys were going into the prison system and became a fiscal burden. He supported the change in the UNITY system and the review of Chapter 432B, which was in another bill draft because the state needed to provide a system which was preventive in its approach. Mr. Jameson felt that Nevada would never be better than the state of its children.

Rabbi Craig Rosenstein, President, Clark County Foster and Adoptive Parent Association, stated he was an adoptive and foster parent. He would be one of the people in the upcoming budget who would be asked to continue to foster and potentially adopt children in Clark County, doing it with about 20 percent less funding and having to work within a system that was already byzantine in finding services and resources. Additionally, foster parents often took children in as babies when all of their needs were not necessarily manifested. As parents they were often told by doctors that the child's problems would not even be diagnosed or symptoms would not appear until five years later or more. The children were taken in with very little information and the parents then had to handle the problems that surfaced in later years.

Jennifer Bevacqua presented on behalf of Christina Vela, President, Nevada Youth Care Providers (NYCP), and submitted written testimony ([Exhibit F](#)). Nevada Youth Care Providers was a nonprofit membership organization open to service providers, government representatives, and other advocates who shared a concern for improving the services available to Nevada's at-risk children and their families. It was based on their shared mission to provide a continuum of quality treatment service for high-risk children and families and wanted to voice its concerns about the intended budget and programmatic cuts. Although there had been great strides in improving the outcomes for children and families, it was only through continued systemic improvements, public and private partnerships, and adequate funding that the state would be able to continue with the much needed changes.

Ms. Bevacqua continued that the specific concerns with the proposed budget included the block grants which caused a reduction in funding to an already stressed system. The block grant did not include provisions for the much-needed funding to solve the crisis in treatment foster care.

The organization wanted to see a new model developed and wanted to be in partnership with the state and the counties in developing that. The providers were concerned that the budget would negatively affect the counties causing possible cut backs to personnel and to foster and adoptive parent reimbursement rates.

According to Ms. Bevacqua, the proposed budget did not support specialized treatment homes for children in parental custody. That would challenge the safety and well-being of children in communities as the children generally needed mental health services and were better kept with their families. Juvenile justice youth often required sex offender treatment, and youth on parole needed behavioral and mental health services. Again, the State of Nevada would never be any better than the state of its children.

Chair Mastroluca expressed appreciation for the work of the NYCP and said that it was a very important part of our community.

Kevin Quint, Chair of the Commission on Mental Health and Developmental Services, and representing Join Together Northern Nevada (JTNN), submitted [Exhibit G](#) and spoke about the three mental health consortia, Rural Counties, Clark County, and Washoe County, which were stakeholders, providers, and citizens in the community and had been putting together a plan for children's mental health. That came to fruition last year when the Mental Health Commission was heavily involved in Senate Bill No. 79 of the 75th Session. The result was a ten-year plan for children's mental health. It resulted from a great partnership with the Commission, the consortia, and DCFS. Listed were some of the benefits of that planning process:

- It would create clear oversight over a system of care that was currently fragmented and not operating in an optimal manner.
- It would create an innovative system of care model.
- It would improve outcomes for families and children served by it.
- It would increase quality assurance for services provided.
- It would set new and improved standards of care.
- It would increase fidelity and adherence to best treatment practices.
- It would design the future gateway for major state expenditures, including Medicaid funds, and help prepare the system for changes in the healthcare system that were slated to take place by 2014.

Mr. Quint agreed with Senator Leslie's concern about taking resources out of service delivery. Passing the revenue-neutral portion of the DCFS budget would help serve the mental health needs of Nevada's children.

Pam Becker was the chairperson of the Washoe County Children's Mental Health Consortium and the chair of the Nevada Children's Behavioral Health Consortium and she submitted [Exhibit H](#).

Ms. Becker said that Nevada Children's Behavioral Health Consortium (NCBHC) commissioned a fiscal study of funding streams that were providing services for children's mental health. The study was completed by Sheila Pires, a national consultant, and Scott Mayne, a local consultant. With authority the state could now look at that plan again and try to actualize some of the options presented, such as braiding some of the funding streams available.

Ms. Becker appreciated that DCFS had always partnered with them in seeking funding to provide mental health services. The consortiums in Washoe and Clark Counties had used their expertise to write grant applications over the past ten years. They had not been successful in all of them, but one of them brought in millions of dollars from the state infrastructure grant that had assisted NCBHC to reach that point. As they now had an authority for children's mental health, they could look at the continuum of care and set up a standard of care from early childhood. A continuum of care could help families access care continually and not just at certain points of crisis. The DCFS took the concerns of the consortium, which had identified the need for a treatment modality for children who had been traumatized in their lives, and brought in Trauma Focused Cognitive Behavioral Therapy (TF-CBT) at a statewide level and provided training for everyone. They could expect DCFS to look at the needs of social services and juvenile services because they had certain modalities that were specific to their entities.

Ms. Becker expressed concern about ensuring that children's behavioral health and mental health services would be provided along with services for their physical health. Medicaid reimbursement tended to be the focus, but there were many children who were covered by private insurance and other publically funded options that were not getting the care they needed. By not having an advocate, an entity, or point of contact in our state, she believed we were doing an injustice to children and families in Nevada.

Jeffrey Fontaine, Executive Director of the Nevada Association of Counties, stated that it was clear that the proposals to shift costs to the counties would have serious consequences for the counties. The proposal was just one of many to shift costs from the Governor's proposed budget and to divert revenues from the counties. The estimated cost to the counties was approximately \$325 million over the biennium. It was clear that those were vital services and Senator Leslie's statement that it was about who performed the service and who paid for it was very appropriate. Neither the state nor the counties had sufficient funds so it should be about who performed the service and how to pay for it.

Dave Doyle, a foster parent for three parental custody children was affected by the budget that lacked funding for care of those children. He was passionately concerned that without budget support for parental custody children in his care, the children would be prematurely returned to their biological homes, would likely regress, and increase their family stressors. Not only would that lead to additional trauma for the child but would likely result in costly residential placement or even out-of-state placement because of the insufficient funding for our most disadvantaged children.

Mr. Doyle continued that the biological parents of those children did the best they could to be nurturing parents but because of significant mental health problems, out-of-home placement was often necessary as opposed to placing them in the child welfare system which would prove to be costly and a great disservice to the child and family. Parental custody children needed a voice in the courts. Without budget support for parental custody children, biological parents would face burn-out and have few or no options to care for their children. The larger treatment model was broken. It was not good for children. It was distressing for him to sit with those children around his dinner table, to see them progressing, and find that they were rewarded with losing their home. One of the children in his home asked whether he needed to threaten suicide so he could continue in the foster home where he was loved and comfortable. Mr. Doyle believed that they needed to find an entirely different model so those children would have something to work for and true permanency so they could continue to persevere.

Chair Mastroluca thanked Mr. Doyle for his service and expressed the thought that Nevada needed more foster parents like him.

Dr. Julie Beasley, Commission on Mental Health and Developmental Services, and subcommittee chair of the statewide Children's Mental Health Plan, believed they needed a plan, a guiding set of principles to lead them through those difficult times. She supported the Children's Mental Health Plan because it did that. The plan would require ten years of work, and there were structural changes that needed to happen now and in the future. It addressed the next two years. Interested parties had spent time over the last ten years looking ten years ahead, and Dr. Beasley fully supported that part of the budget. It represented all the people sitting in the current meeting and most of them had worked on the process.

Devin Brooks of Nevada Youth Care Providers spoke to the lack of support of parental custody children, which presented challenges to the safety and welfare of Nevada's most vulnerable population. Parental custody children consisted of two main groups: children with mental illnesses or emotional disturbances whose guardianship was retained by their parents, and juvenile justice children, including juvenile sex offenders, who had mental health impairments. The total children affected by excluding parental custody children would be around 236 children who occupied parental custody beds every day. Approximately 450 children were treated annually within the current budget.

Barbara de Castro of Nevada Youth Care Providers stated that without funding for parental custody for treatment of foster children, many parents would be faced with giving their children to child welfare agencies. Without that funding there would be an inevitable reduction of in-state treatment resources which would lead to children being placed out-of-state. That option had not been successful. Without the funding, there would be children who would have no option but residential treatment centers. Once children went to residential treatment centers, they rarely returned home. Without the funding, there would be an overload in emergency rooms and psychiatric hospitals as those children would have nowhere else to go. Without additional funding, the state could no longer support the least restrictive environment for those children and there would be an inevitable community safety problem for juvenile sex offenders who occupy numerous parental custody beds throughout Nevada's communities. There would be no place for those children to go in an era of reduced correctional beds.

Tom Criste, State Director for Maple Star and a member of the Nevada Youth Care Providers group, stated that without support for the room and board costs for parental custody, there would be a need for community-based alternatives. Without the support of funding, there would be increased family stressors and

parents who had depleted resources and could not keep their children out of institutional care.

Mr. Criste opined that there would be an increase in the involvement of child protective services because:

- There would be decreasing treatment strategies for those children.
- There would be an increase in domestic violence and family conflict as additional stressors developed.
- There would be an increase in mental health conditions in those children and youth.
- Those problems would be very difficult to manage at that point.
- Regression rather than progression for clinical progress would be a major concern.
- There would be an increase in the need for higher levels of care.
- There would be an increase in substance abuse and self-medication.
- There would be further academic failure.
- There would be an increase in incarceration as a result of not having resources available and there were fewer correctional beds available today.
- There would be a higher probability of suicide risk.
- There would be increased abuse and neglect.

Mr. Criste said clinicians had indicated there was a strong possibility that without parental custody placement, there would be an increase in residential treatment center placements and placements out of Nevada for very expensive treatment stability. Not having budget support for parental custody now will cost much more in the future.

Jon Sasser, representing Washoe Legal Services and the Legal Aid Center of Southern Nevada, stated that both groups had children advocacy projects that represented abused and neglected children in the foster-care system. Mr. Morton in Clark County had a backlog of adoption subsidies that would be increasing in the next five years. Group homes should quit trying to treat children with Medicaid dollars for services they do not need when they should be treated with the IV-E dollars for the services they do need. With even reasonable compliance to the incentive grant, there was a potential for deep cuts. Mr. Sasser believed the proposed budget cuts to those programs were far worse than a tax increase.

Assembly Committee on Ways and Means
Senate Committee on Finance
Joint Subcommittee on Human Services/CIP
March 4, 2011
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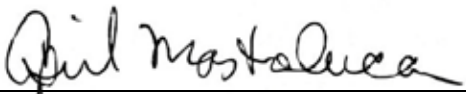
[Assembly Subcommittee members left the hearing to attend the Assembly Floor Session and Senator Leslie continued as Chair of the Subcommittee.]

With no further business to come before the Subcommittee, Chair Leslie thanked everyone and adjourned the meeting at 11:24 a.m.

RESPECTFULLY SUBMITTED:

Tenna Herman
Committee Secretary

APPROVED BY:



Assemblywoman April Mastroluca, Chair

DATE: _____

Senator Sheila Leslie, Chair

DATE: _____

EXHIBITS

Committee Name: Assembly Committee on Ways and Means/Senate Committee on Finance Joint Subcommittee on Human Services/CIP

Date: March 4, 2011

Time of Meeting: 7:30 a.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
	C	Diane Comeaux, Division of Child and Family Services, Department of Health and Human Services,	Presentation to the Joint Subcommittee on Human Services/CIP
	D	Thomas Morton, Clark County Department of Family Services	Testimony Before Joint Subcommittee on Human Service/CIP
	E	Carey Stewart, Nevada Association of Juvenile Justice Administrators	FY12-FY13 Proposed Statewide Budget Impacts
	F	Jennifer Bevacqua, Nevada Youth Care Providers	Statement of concerns with proposed budget
	G	Kevin Quint, Join Together Northern Nevada (JTNN)	Testimony on Children's Mental Health Plan and DCFS Budget
	H	Pam Becker, Washoe County and Nevada Children's Mental Health Consortiums	Testimony Before Joint Subcommittee Friday, March 4, 2011