

This document is made available electronically by the Minnesota Legislative Reference Library as part of an E D ongoing digital archiving project. http://www.leg.state.mn.us/lrl/sonar/sonar.asp STATE OF MINNESOTA

DEPARTMENT OF PUBLIC WELFARE

ADMINISTRATIVE

In the Matter of the Department of Public Welfare's Proposed Adoption of Amendments to Rule 204 (12 MCAR § 2.024) Foster Care-Children

STATEMENT OF NEED AND REASONABLENESS

Supplementary Information:

BACKGROUND

The Adoption Assistance and Child Welfare Act of 1980 (Public Law Number 96-272) governs two Social Security Act programs: the new Title IV-E Program, Federal Payments for Foster Care and Adoption Assistance, and the Title IV-B Program, Child Welfare Services. The law creates links between the two programs with numerous program and fiscal requirements. The requirements of the Act do not just apply to children who are Title IV-E eligible. It is important for the reader to understand that because of these linkages between Title IV-B, the programmatic requirements of the ACT apply to ALL children in substitute care for whom the state/county agencies have case planning and case supervisory responsibility.

The Child Welfare Services program has been a part of the Social Security Act since the Act's inception in 1935. In 1968, Congress transferred this program to Title IV, Part B of the Act. Historically, Title IV-B has provided federal grants to states to establish, extend and strengthen child welfare services. Under this program, services are available to all children, including the handicapped, homeless, neglected and dependent.

In addition to amending Title IV-B, this Act established a new program, the Title IV-E program, Federal Payments for Foster Care and Adoption Assistance, which replaced on October 1, 1982, the Title IV-A foster care program in the states. The Act further required that the state agency responsible for administering Title IV-B also administer Title IV-E and that the state agency assure that these programs are coordinated with Title XX of the Social Security Act.

In Minnesota, the Title IV-A foster care program (AFDC-FC) was governed by 12 MCAR § 2.044 and supervised by the Bureau of Income Maintenance in the Department. Given the above requirements of federal law and the abolition of AFDC-FC, the responsibility for Title IV-E was made a part of the Bureau of Social Services which has been and continues to be responsible for Title IV-B and Title XX of the Social Security Act.

PURPOSE AND SCOPE OF THE ACT

The passage and enactment into law of Public Law Number 96-272 demonstrated a Congressional concern and commitment to provide financial assistance and technical consultation to states to make changes in their child welfare services systems. To reduce the number of children entering foster care, the law emphasizes the use of preplacement preventive services to help solve or alleviate the family problems that would otherwise result in the child's removal from the home. To reduce the number of children already in foster care, the law requires states to undertake several initiatives, some of which include:

To ensure that children do not remain adrift in the foster care system, a state must implement case plan and case review procedures that periodically assess the appropriateness of the child's placement and reevaluate the services provided to assist the child and the family.

To encourage family reunification, a state must attempt to place a child in close proximity to the family and in the least restrictive (most family-like) setting.

In short, the new law rests on three pillars:

Prevention of unnecessary separation of the child from the parents;

Improved quality of care and services to children and their families; and

Permanency through reunification with parents or through adoption or other permanency planning.

A. INTRODUCTION

The amendments to 12 MCAR § 2.024 are proposed in order that the foster care program conform to the requirements of Title IV-E and Title IV-B of the Social Security Act, 42 USC 670 (1980), and revisions of Minnesota law enacted during the 1982 and 1983 Legislative Sessions. It is necessary for the foster care program to meet these requirements in order for the state to be eligible for federal reimbursements under Title IV-E and Title IV-B of the Social Security Act.

The department authority to revise 12 MCAR § 2.204 and to establish foster care standard rates is found in: Minnesota Statutes section 393.07, subdivision 1, 2, and 3 which provides that the county welfare boards shall comply with the standards, rules and regulations which may be promulgated by the commissioner to comply with the requirements of the federal Social Security Act needed to qualify the state to obtain grants-in-aid under that Act; Minnesota Statutes section 256.01, subdivision 2 (2), which authorizes the commissioner to administer and supervise all child welfare activities, to supervise child-caring and child-placing agencies and institutions, to advise the care of children in boarding and foster homes or in private institutions and to perform all functions relating to the field of child welfare now vested in the State Board of Control; Minnesota Statutes section 257.175 which contains similar references to the general duties of the commissioner concerning enforcement of all laws for protection of defective, illegitimate, dependent, neglected and delinquent children; Minnesota Statutes section 256E.05, subdivision 1, authorizes the commissioner to supervise the community social services administered by the counties

through standard-setting, etc.; and Minnesota Statutes section 256.82, subdivision 3 which requires the commissioner to annually establish minimum standard rates for foster care maintenance payments for all children in foster care and to require county boards to establish difficulty of care payments for all children in foster care.

In federal law, 42 USC 671 (11) and in state law, Minnesota Statutes section 256E.05, subdivision 1, the term "standard" or "standardsetting" is used without definition. In common usage, as defined in Webster's Dictionary, the term "standard" means: "something established for use as a rule or basis of comparison in measuring or judging capacity, quantity, content, extent, value, quality, etc.; criterion set for usages or practices; used as, or meeting the requirements of, a standard, rule, model, etc.; conforming to what is usual; regular or typical; not special or extra." Lacking federal or state definition to the contrary, the department uses the common usage definition of a standard or standard-setting in its proposed revisions of 12 MCAR § 2.204.

B. DEFINITIONS

The following terms are either described in federal laws and/or defined in federal and state law. It is necessary that these terms be defined in this rule so that they: a) have the same meaning as in federal law so as not to jeopardize the state's receipt of federal grants-in-aid under the Social Security Act, and b) have the same meaning and are commonly applied by local social services agencies throughout the state who have the responsibility for the administration of foster care services for children.

- 10. Foster Care Maintenance Payment. This definition is essentially the same as the federal definition contained in 42 USC 675 (4) except that the term "liability insurance" is deleted. Liability insurance is deleted because the state of Minnesota, pursuant to Minnesota Statute section 245.814, already pays for liability insurance coverage via a separate state appropriation of funds. This insurance premium is paid directly by the state with no cost to the foster parents or the child in care.
- 11. <u>Dispositional Hearing</u>. This term is not actually defined in federal law but is described in 42 USC 675 (5)(C) and the terms is so defined here.
- 12. Administrative Review. This term is defined in 42 USC 675 (6).
- 13. Voluntary Placement. This term is defined in 42 USC 672 (f).

14. Voluntary Placement Agreement. This term is defined in 42 USC 672 (f).

15. Difficulty of Care Payment. As explained in the Background section of this statement, the foster care program had been governed by Title IV-A and administered through 12 MCAR § 2.044 which fixed statewide maintenance payments and difficulty of care payments.

Difficulty of care payments were described in 12 MCAR § 2.044 so as to be a supplemental maintenance expense and thus eligible for federal financial participation under Title IV-A foster care. By describing these payments as a maintenance expense, the department and the local agencies were able to maximize federal reimbursement for foster care expenditures. With the change-over to Title IV-E, federal financial participation is still available for difficulty of care payments which remain a supplemental maintenance expense. Additionally, in January, 1983, President Reagan signed Public Law Number 97-243 which in section 103 defines difficulty of care payments as:

-4-

"(1) Difficulty of Care Payments.- The term 'difficulty of care payments' means payments to individuals which are not described in subsection (b)(1)(B)(i), and, which- (A) are compensation for providing the additional care of a qualified foster child which is- (i) required by reason of a physical, mental, or emotional handicap of such child with respect to which the State has determined that there is a need for additional compensation, and (ii) provided in the home of the foster parent, and (B) are designated by the payor as compensation described in subparagraph (A)."

Thus the term difficulty of care payment is defined here so that it will continue to have the same meaning as a maintenance expense under 12 MCAR § 2.204 as it had under 12 MCAR § 2.044; so that the department and the local social services agencies will continue to maximize federal financial participation under Title IV-E; and so that it continues to meet the definition of difficulty of care payment in Public Law Number 97-243 and thus not cause undue financial hardship to foster parents who may receive a difficulty of care payment for their foster child.

C. CASE PLACEMENT PLAN

The majority of the following components are not new in 12 MCAR § 2.204 but, as a result of reorganizing the rule to accommodate additional requirements of federal or state laws, many components of the case plan have a new citation in 12 MCAR § 2.204 and technically should not have been underlined as new material. Both the federal law and state law are specific in what is required to be in the case plan. See Minnesota Statutes section 257.071 and 42 USC 675 (1980). During a federal audit in March, 1983, of compliance with the requirements of 42 USC 670 et seq., the case plan was subject to federal review and compliance. Where the federal law requires consideration of certain factors, this consideration means written documentation in the case plan. There was no "reading between the lines" or any assumptions that a case plan requirement was covered. The case plan component had to be in writing or an exception was taken by the federal audit team. A written case plan is required in 42 USC 675 (1) and Minnesota Statutes section 257.071, subdivision 1. The requirement that it be done within 30 days is found in Minnesota Statutes section 257.071, subdivision 1. See also 45 CFR 1356.21 (d) (1) and (2).

- (a)(i) "reason for placement" was formerly cited as C.l.h.(l)(a)(i) and is also required in Minnesota Statutes section 257.071, subdivision 1 (1).
- (ii) "services provided to prevent need for removal of the child" is required in 42 USC 671 (a)(15) and 42 USC 672 (a)(1).
- (iii) "a discussion of alternative plans that were considered and why foster care was chosen" is required in 42 USC 671 (a)(15)(A).
- (iv) "a discussion of why the particular foster home or facility was selected" is required in 42 USC 675 (1).
- (b)(i) "reason for placement" was formerly cited as C.1.h.(1)(a)(i) and is also required in Minnesota Statutes section 257.071, subdivision 1 (1).
 - (ii) "specific actions to be taken by the parents to eliminate or correct the problems" was formerly cited as C.1.h.(1)(a)(ii) and is also required in Minnesota Statutes section 257.071, subdivision 1 (2).
 - (iii) "financial responsibilities and obligations of the parents" was formerly cited as C.l.h.(1)(a)(iii) and is also required in Minnesota Statutes section 257.071, subdivision 1 (3).
 - (iv) "date on which child is expected to be returned home" was formerly cited as C.l.h.(1)(a)(vi) and is required in Minnesota Statutes section 257.071, subdivision 1 (6) and in 42 USC 675 (5)(B).
 - (v) "specific action to be taken by the child" formerly cited as C.l.h.(l)(c) is reasonable and necessary so that when the child is expected to change behavior, attend counseling sessions, or otherwise perform certain tasks in order to be returned home, the child has a clear understanding of what is expected from him in achieving the placement goal.
 - (vi) "social and other supportive services to be provided" was formerly cited as C.1.h.(1)(5) and is also required in Minnesota Statutes section 257.071, subdivision 1 (5) and is required in 42 USC 675(1).
 - (vii) "frequency of contacts of the agency with the parents and the child" is required in Minnesota Statutes section 257.071, subdivision 1 (7) in order to document the nature of the effort being made by the local social services agency to reunite the family.
 - (viii) "visitation rights and obligations" was formerly cited as C.l.h.(l)(a)(iv) and is also required in Minnesota Statutes section 257.071, subdivision 1 (4) and 42 USC 675 (5)(c).

Both Minnesota Statutues section 257.071, subdivision 1 (5) and 42 USC 675 require the agency to specify the social and other supportive services to be provided to the family, the child, and the foster parents. The following components are an inherent part of the agreement between the foster parents, the agency and the parents to provide for specific needs of the child in care so that the foster parents are "fully informed" of the case plan as required in Minnesota Statutes section 257.071, subdivision 1. These components implement the written agreement in (b) above by bringing the foster parent, as the caregiver, into the formalized agreement process. This section recognizes the foster parents' participation and contribution to the purpose of the placement of the child in care.

- (c) These specific requirements essentially describe the areas where there can be misunderstanding if the parties are not clear about their respective rights and responsibilities.
 - (i) "authority and responsibility of the foster parents to arrange for medical and dental care for the child" is reasonable and necessary so that the requirements of C. 1.g.(1) through (5) may be fully implemented by the agency and the foster parents. In order for the foster parents to know what they can do, and have a responsibility to do, it is reasonable that the agreement specify what they are to do if the child becomes ill or is scheduled for a physical or dental examination.
 - (ii) "authority and responsibility to arrange for education" was formerly C.l.h.(l)(a)(viii) and, in order for the parents and the foster parents to know and agree on the involvement of the foster parents with the child's teacher, it is reasonable that the agreement define what their role is to be.
 - (iii) "specific action and behavior of the child that the foster parents are to work with" is reasonable and necessary so that the foster parents, who are providing the 24 hour care, are informed of and may be better able to help the child change behavior and return home at the earliest possible date. It is particularly important to define action and behavior the child needs to change when the child is delinquent or determined to be a petty juvenile offender and the probation officer is also involved. Withdrawal or other passive behaviors are equally important and the foster parent needs to be informed of these types of behavior and what actions to take or not to take in helping the child.
 - (iv) "authority and responsibility of the foster parents for supervision of the child" is reasonable and necessary to define so that the foster parents, the agency and the natural parents agree and understand the format of supervision to be used in the foster home; what the foster parents can do, should do in caring for the child. Such definition may also help the child to accept limits which are agreed to, rather than feeling that they are arbitrarily imposed on him or her.
 - (v) "the plan for the parents visit" was formerly cited C.1.h.(1)(d) and is reasonable and necessary so that the foster parents are informed of what the visitation plan is for the child; any limitations regarding the visitation plan, e.g., who may visit, when, where and any other restrictions which may have been imposed by the court or agency.
 - (vi) "social services to be provided by the agency to assist the foster parents" was formerly C.1.h.(1)(a)(v) and is also required in Minnesota Statutes section 257.071, subdivision 1 (5). The local social services agency also provides assistance to the foster parents as required in C.1.f.(6) and (8) of this rule.
- (d) This provision was formerly C.1.h.(1)(b) and is also required in Minnesota Statutes section 257.071, subdivision 1 (8).
- (e) This provision was formerly C.1.h.(1)(e) and is also required in Minnesota Statutes section 257.071, subdivision 1 (8).

-6-

- (f) This provision was formerly C.1.h.(1)(f) and is reasonable and necessary so that 1) in the event of a federal program audit, there is written documentation that all factors of the case plan were discussed, noted and not merely overlooked, and 2) in the event of a social services appeal, there is written documentation of why a particular case plan requirements was handled in a certain manner.
- (2) (a) through (d) ADMINISTRATIVE REVIEW. This provision is required in 42 USC 675 (5)(B). As the caregiver for the child on a 24-hour basis and the party most likely to have current information on the progress of the child in meeting the placement goals, it is reasonable and necessary that the review be open to the foster parents. The federal law requires that the review be open to the parents, however, it does not mandate that they actually attend. The foster parents is not mandated to attend the review, however, the review would be open to their participation as an active member of the placement plan. The federal law requirements are duplicated in the rule in order to ensure local agency compliance with the requirements that the federal law imposes on the department.
- (3) PETITION FOR COURT REVIEW. Because both Minnesota Statutes sections 260.131 and 257.071, subdivision 2 and 42 USC 675 allow for a court to review the foster care status of the child, it is reasonable that this provision be made a part of the rule to avoid any confusion regarding the applicability of the law and to advise local agencies of all the options. The federal law requirements are duplicated in the rule in order to ensure local agency compliance with the requirements that the federal law imposes on the department.
- (4) <u>DISPOSITIONAL HEARING</u>. Because both Minnesota Statute section 260.191, subdivision 2., and 260.242, subdivision 2, (d); and 42 USC 675 (5)(c) require the provision of dispositional hearings for children in foster care under court order and for wards of the commissioner still in foster care, it is reasonable that these provisions be made a part of the rule to avoid any confusion regarding the applicability of the law and to advise local agencies of all the options.

Based upon an official HHS interpretation (P.I. 82-06, June 3, 1982) of dispositional hearings and administrative reviews which may occur at the same time, the provision on page 7, lines 2-5 is provided to meet this federal requirement.

The exception for children in permanent foster care on page 7, lines 6 and 7 is provided based upon an HHS interpretation (P.I. 82-06, June 3, 1982, Attachment D); 45 CFR 1356.21 (e)(1); and Minnesota Statutes section 260.242, subdivision 2 (d).

- (5) <u>EIGHTEEN MONTH REVIEW OF VOLUNTARY PLACEMENTS</u>. This provision is required in Minnesota Statutes section 257.071, subdivision 3, and 42 USC 675 (5)(c).
- L. RATES PAID TO FOSTER HOMES. The department's authority to annually establish foster care maintenance rates and to require county boards to establish difficulty of care payments is found in Minnesota Statute section 256.82, subdivision 3. 42 USC 671 (A)(11) also requires periodic review of the amount paid as foster care maintenance payments and, because this review must be done by the state agency, the rule provisions are necessary in order to establish the minimum standards which the department will apply in performing this review.

The foster care rates which were mandated by 12 MCAR § 2.044 had been in effect since March, 1976 and were adjusted by the Minnesota Legislature during its biennial budgeting process. The percentage increase which was awarded to AFDC grant recipients was also used to adjust the foster care rates. The latest rate* was:

AGE	OF	CHILD	MONTHLY FOSTER CARE PAYMENT
0	-	3	\$ 151
4	-	8	192
9	-	11	211
12	-	14	251
15	-	18	276

JULY, 1981*

The original foster care rates established by 12 MCAR § 2.044 in 1976 were set based upon the recommendation of a foster care rate-setting committee.

Prior to the enactment of Minnesota Statutes section 256.82, subdivision 3, the department had undertaken a project to determine the costs of raising a child in substitute care. Pre-1976, before foster care rates were mandated in 12 MCAR § 2.044, the department had used the "USDA ESTIMATES OF THE COST OF RAISING A CHILD" issued each October by the U.S. Department of Agriculture in order to issue foster care rates (low, moderate and high rates) in Social Services Manual Volumes as a guide to local social services agencies when establishing foster care rate payments. The department went to this publication during this project to again ascertain the costs of raising a child in Minnesota.

Prior to convening a payment standards committee, department staff have undertaken a project to research existing background data and develop three possible rate structures for consideration on a statewide basis. The following data was utilized in this preparatory project by department staff:

- Recommendations received by the department from its "Notice of Intent to Solicit Outside Opinion" published in the State Register of Monday, December 28, 1981.
- A five year trend report on foster care costs which is based on actual county claims for foster care reimbursement.
- A projection of foster care maintenance payments based on the provisions of 12 MCAR § 2.044 and the projected legislative increases proposed for AFDC grant recipients for the upcoming biennium.
- 4. The findings of an indepth analysis of the USDA Estimates of the Costs of Raising a Child based on the levels of "economy -including farm thrifty," "low," and "moderate" levels.

Rates were also depicted in terms of "urban average," "rural nonfarmaverage," and "farm average."

Item #4 above requires some additional explanation of how this 57 page publication covering all the states was used for projecting costs in Minnesota. The USDA provides three categories based on residence: urban, rural nonfarm, and farm. The urban and rural nonfarm are additionally broken down into regional categories with Minnesota coming under the North Central Region. Urban and rural nonfarm are then subdivided into the cost level categories of Economy, Low, and Moderate. Farm has four cost categories: thrifty, low, moderate, and liberal and also offers separate figures for boys and girls.

Figures are offered for each year of age beginning with "under one" and ending with age "17." In order to produce the age categories used in 12 MCAR § 2.044, the department simply added together the figures for each age (i.e., 0-3 = under 1 yr. + 1 yr. + 2 yrs. + 3 year) and then average them out by dividing by 4 and then dividing by 12 months to get monthly cost breakdowns. Since USDA did not provide figures for 18 year olds, the 17 year old category was counted twice in the averaging process.

In the farm category the department combined the data for boys and girls and averaged it by dividing by two. The farm data differed from the other two residence categories in that cost breakdown was provided for four categories. These did not directly correspond to the three category breakdowns of the urban and rural nonfarm groups. The department used the "farm thrifty," "low," and "moderate" categories because the liberal category appeared abnormally high in relationship to all other data on trends (#2 above), actual costs (#2 above), and the projected cost of living data available at the time.

The "medical care" column in all categories was not included in the calculations because children in foster care have their medical and dental needs met through Title XIX Medical Assistance, private insurance vendors, or through all county child welfare funds.

-9-



-10-

Having completed all the research and assembled the data and other recommendations received (#1 above), the commissioner convened at "Foster Care Payments Standards Committee" composed of four representatives from the county agencies and four representatives from the Foster Parents Association. A copy of the preliminary data and the materials provided to the Committee are made a part of this statement in order to advise the reader of the scope of the data; its official sources; how the three levels (A-B-C) were arrived at; and to also assist the reader to understand the reasonableness of the final figures which have been incorporated into the proposed maintenance rate changes.

Based upon letters from foster parents, social workers, and agency directors received as a result of the Notice of Intent to Solicit Outside Opinion; quarerly meetings with the State Foster Parent Association; and other comments from foster care providers, there appeared to be a consensus that the rate paid for infants and pre-teens was too low based on actual costs over the past few years (since the original development of basic rates in 1976). The rates for 12-14 and 15-18 year olds had been running fairly close to actual costs. The major adjustment needed to be made for the younger foster child.

Using all the available data submitted by the department and the schedules proposed by the counties and the Foster Parents Association, the Committee developed a proposed new statewide average "B" schedule as follows:

AGE	OF	CHILD	BASIC	MAIN	NTENANCE	RATE &	EFFE	CTIVE DA	ΓE	
0	-	11 years	\$212	eff.	1983	\$244	eff.	January	1,	19 84
12		14	\$2 93	eff.	1983	\$293	eff.	January	1,	1984
15	-	18	\$320	eff.	1983	\$320	eff.	January	1,	1984

Due to the major fiscal impact on county budgets associated with the increases in the 0-11 year old age group, the committee as a whole recommended that this increase be "phased-in" over two years, i.e., grant an 87 percent increase in 1983 with the promulgation of the new rates and the remaining 13 percent effective January 1984.

AGE OF CHILD	OLD RATE	RATE ON JANUARY 1, 1984	INCREASE
0-3	\$ 151	\$244	+ \$ 93/mo.
4-8	192	244	+ \$ 52/mo.
9-11	211	244	+ \$ 33/mo.

This proposed phase-in would lessen the fiscal impact and assist county agencies in their budgeting requirements rather than have to contend with a \$93 per month per child immediate increase for the 0-3 year old and other younger age groups respectively.

-11-

These same rationale were applied by the committee in establishing the initial clothing allowances specified in the rule amendments...to lessen the fiscal impact during the first year of the rate changes. The initial clothing allowance was also adjusted upward and phased-in for the 0-11 year old age group and were based on the monthly clothing allowance already contained in the basic maintenance rate and then multiplied by twelve months. This standard contains the provision "up to" a certain dollar amount. The maximum dollar amount is not an automatic entitlement for every child; accordingly, the discretionary language is necessary and reasonable so that the child's individual needs may be assessed at the time of placement. The previous policy under 12 MCAR 2.044 of assessment within 30 days was too restrictive based upon comments received in writing during the Notice of Intent to Solicit Outside Opinion and oral comments by the Committee. Therefore, the dollar maximums were raised and the time frame was extended from within the first 30 days of placement to within the first 60 days of placement.

Not all children entering foster care require a "wardrobe"; however, the very young and frequently those being placed from a neglect situation are most often in need of an initial clothing allowance.

- 1. (3) "foster care provided through a contract" was formerly cited as C.1.(2) in 12 MCAR § 2.204 and is not new language.
- 1. (4) "fees for service" was formerly cited as C.1.(2) in 12 MCAR § 2.204 and is not new language.
- "permissive language to establish local funds for specific 1. (5)purposes": This matter was brought to the attention of the department by the St. Louis County Attorney's Office; the Foster Parents Association; and several local social services agency administrators. It has been common practice for many years in counties to reimburse foster parents for costs associated with damage done by a foster child which was not covered by the homeowner's insurance policies; however, upon review by several attorneys, it was determined that such permissive language to allow reimbursement to the foster parent did not exist in state agency rules governing foster care or any other social services. It appears reasonable and necessary that county agencies be provided with the authority to establish such a fund to pay for nonreimburseable costs associated with damages caused by the foster child. Such out-of-pocket expenses should not have to be paid by a party not liable for the damage done by the foster child.

Of particular concern with the teenage foster child was the additional premium cost for the foster parents of having a foster child taking driver's education classes and driving the family car. The statewide liability insurance policy does not cover this form of liability and it is reasonable that county agencies be allowed permission to provide for such a contingency. It is an unnecessary fiscal burden placed upon foster parents who care for teenage children and permissive language, such as that proposed, would allow local agencies to help offset the costs of caring for teenage foster children who wish to learn how to drive a car...a virtual necessity these days for most every person in society.

Expert witness will be called. COMMISSIONER

DEPARTMENT OF PUBLIC WELFARE