

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current and previously issued FIRs are available on the NM Legislative Website ([www.nmlegis.gov](http://www.nmlegis.gov)) and may also be obtained from the LFC in Suite 101 of the State Capitol Building North.

## FISCAL IMPACT REPORT

**ORIGINAL DATE** 02/12/14  
**SPONSOR** McCamley **LAST UPDATED** \_\_\_\_\_ **HM** 39

**SHORT TITLE** Investigate CYFD Protective Services Division **SB** \_\_\_\_\_

**ANALYST** Klundt

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY14	FY15	FY16	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>		\$2,400.00	\$2,400.0	\$4,800.0	Recurring	General Fund
		\$636.9	\$636.9	\$1,273.8	Recurring	General Fund
		\$659.7	\$659.7	\$1,319.4	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Children, Youth and Families Department (CYFD)  
 State Personnel Office (SPO)  
 Office of the State Auditor (OSA)

### SUMMARY

#### Synopsis of Bill

House Memorial 39 requests the state auditor to evaluate all federal, state and agency regulations being adhered to by the Children, Youth and Families Department (CYFD); obtain specific information on the amount of funding reverted from the Protective Services program; and conduct a performance audit to determine what practices recommended by the Legislative Finance Committee (LFC) have been adopted from the 2011 LFC performance audit.

The memorial further requests that the State Personnel Office (SPO) be requested to assist CYFD in any possible manner to decrease caseloads and turnover by increasing and then stabilizing employment within Protective Services and provide recommendations to the legislature on how to accomplish these goals.

Finally, the memorial outlines concerns related to CYFD Protective Services program in relation to worker turnover, inefficient management structures, duplication of efforts and other systemic issues that have contributed to chronic case overloads that compromise child safety.

## **FISCAL IMPLICATIONS**

There is no appropriation attached to this memorial. CYFD states that 1 FTE will be required for the agency to gather the data required by the state auditor.

The House Appropriations and Finance Committee substitute for HB 2 added \$659.7 thousand funding for 10 additional protective services FTE, \$636.9 thousand funding to increase caseworkers salaries, and \$2.4 million to increase foster and protective services care and support.

The Office of the State Auditor (OSA) reported pursuant to Section 12-6-4(A) NMSA 1978, the “reasonable costs of all audits shall be borne by the agency audited.” Therefore, CYFD would be required to bear the cost of any audit conducted by the OSA for the purpose of carrying out the memorial’s requests. This would include conducting a “performance audit” as specified in the memorial.

The memorial requests the State Auditor to “evaluate that all federal, state, and agency regulations are being adhered to by” CYFD. According to the OSA, given the broad range of regulations that CYFD is required to adhere to, the cost of performing such an evaluation could be significant. The State Auditor would need to provide training to OSA staff regarding entirety of federal, state and agency regulations related to the job responsibilities of protective service workers. OSA reported the agency would potentially need to consider hiring or contracting with outside expertise to assist in evaluating CYFD’s compliance with the significant scope of regulations referenced in the memorial.

## **SIGNIFICANT ISSUES**

Each year, CYFD is required to receive an audit of its financial affairs and transactions. The audit is conducted by the Office of the State Auditor (OSA) or by an independent audit firm approved by the State Auditor. During the course of the annual audit, auditors typically test CYFD’s compliance with laws, regulations, and policies and procedures. In order to decrease the fiscal implications of this memorial, the memorial could specify the specific set of regulations the State Auditor is requested to evaluate. The State Auditor could then work with the independent auditor to best respond to the memorial’s request in order to lessen the cost this test work would pass along to CYFD as part of the annual audit cost.

SPO reported agency staff currently supports agencies by conducting job, organizational and workflow analysis which is delivered to agency leadership as part of SPO’s service model in assisting with reorganization efforts. SPO reports it stands ready to provide the necessary resources to assist CYFD in complying with the requests delineated within HM 39. However, the agency is unsure it will have the staff resources to fully comply with the requirements of this memorial. The HAFC recommended deleting one vacant unfunded FTE position in FY15 which the agency believes may inhibit SPO’s ability to provide additional services

SPO reported during the last fiscal year the department has:

- Worked with CYFD to utilize continuous position advertisements for hard to fill positions; these advertisements remain open until a vacancy has been filled.
- Trained CYFD Human Resource professionals to review applications and create and approve job advertisements in order to decrease the amount of time to fill vacancies.

## House Memorial 39 – Page 3

- Worked with CYFD to review various in pay band salary increases for caseworkers and related staff in the Child Protective Services division of CYFD.

CYFD reported the memorial outlines the following concerns about CYFD Protective Services which the agency believes are inaccurate:

- CYFD caseload for permanency workers is 20.6 per worker; the memorial claims the caseload is 22 per worker. The average number of investigations per worker is 10.4, and CWLA recommends between 10-12 investigations per worker.
- From June 2013 to July 2013, there was an increase of 100 children in care or cases. For that same time period, there was an increase by 1,089 of reports which were screened-in for investigation. The memorial claims the increase in cases for this time period was 1,000.
- The increase in reports of abuse and neglect from 2011 to 2013 is 2.2%. The memorial claims a 27 percent increase. CYFD implemented a targeted campaign in 2011 to make the public aware of their duty to report abuse and neglect. At that time, CYFD released a #SAFE number where the public could report abuse or neglect from their cell phone in an effort to make the number for reporting easier to remember. The increase in reports is directly tied to CYFD's campaign which raised awareness of the duty to report child abuse and neglect.
- CYFD follows all policies and procedures related to investigations which ensure all allegations are investigated in a timely manner. A case may remain in "pending" status in CYFD's data tracking system for various reasons including administrative appeals after the investigation and determination have been completed.
- The care and support paid out in maintenance related to children in custody increased by \$1.7 million from 2012 to 2013, and reflect the increase in cases and children in custody. The memorial implies CYFD expenditures in this area decreased during that time period.

## ADMINISTRATIVE IMPLICATIONS

A minimum of 1 FTE will be required to gather the data required by the state auditor. If necessary, this work will be covered by existing resources.

## RELATIONSHIP

Similar to SJM 3.

## ALTERNATIVES

The memorial requests the State Auditor "conduct a performance audit to determine what practices recommended by the Legislative Finance Committee (LFC) have been adopted." The LFC does conduct follow-up evaluations of its reports, and that option still exists to carry out the purposes of the memorial. Rather than requesting the State Auditor conduct a separate performance audit, it may be more appropriate to request that the LFC follow-up on its own program evaluation and make determinations regarding whether CYFD has implemented the recommendations. The State Auditor could assist the LFC in this regard, which would most likely be more cost-effective. Otherwise, the State Auditor would have to designate CYFD for a

**House Memorial 39 – Page 4**

performance audit to be conducted by an independent audit firm. CYFD would have to bear the cost of the performance audit.

KK/ds