

# **Horrible news!**

## **The 10% FFA rate reduction IS going to happen!**

California  
Coalition  
Of  
Foster  
Family  
Agencies

In a June 23, 2009 conversation with Assembly Speaker Karen Bass's office, it has been confirmed that the Joint House Budget Committee HAS adopted a 10% rate decrease for FFAs and group homes. This is in the approved budget proposal that will be voted on in mid-to-late July.

We encourage everyone to contact the Governor (fax 916-558-3160), State Senate Budget Committee Chair Denise Ducheny (fax 916-327-3522), State Senate Budget Committee Vice-Chair Robert Dutton (fax 916-327-2272), Assembly Budget Committee Chair Noreen Evans (fax 916-319-2107), Assembly Budget Committee Vice-Chair Roger Niello (fax 916-319-2105) as well as any Republican legislator (since they are holding for even more cuts and refuse to vote for tax increases to offset the deficit). It is important that you and your families contact them and let them know, specifically, how this rate cut will negatively impact the kids, the families, and your agency (but focus most on the kids). If you think your FFA will have to go out of business, *let them know!* If they are not willing leave our current rate where it is, ask them to reduce it by 2% or 3% rather than 10%. This rate cut *is* pretty much set in stone and the sad point is, at this time, if there are negotiations, it will likely be for even more cuts!

There is a slight silver lining to this: at this time the CCL per family fee increase of just 10% has been adopted (it should go from \$87 per family to \$96 per family) and the social worker to client ratio will go up from 15 to 1 to probably 18 or 20 to 1 (no one today could give us the specifics), so some downsizing may be possible.

### **Ouch! How can we tighten our belts even more??!!**

Here are some suggestions to how to trim your budgets to be better able to survive a 10% reduction (and, yes, we realize you may already be doing most, if not all, of these):

- Work with your Board of Directors to get more involved in getting both financial donations and donated services.
- Try phone conferencing or online conferencing instead of paying for the gas, food, and hotels to have meetings.
- Contact your internet service providers and phone service providers and see if they have a reduced rate for non-profits – many do.
- If you provide foster parent insurance, check with your provider to make sure you are paying just for the families you have now, rather than how many you may have had a year or two ago.
- Use credit cards that give cash-back rewards. Also, pay all your bills on credit cards so you can stall off the actual outgo of money until you pay the card off next month.
- If you have a lease with annual increases built in, explain the funding reduction to the landlord and see if they will freeze the lease rate increase until our rate is restored. If you have extra space, will your landlord let you sublet some of your office space? If you can move to a cheaper location that can serve your needs, do so.
- Cut back on energy use. Use fewer lights, turn off computers at night, unplug "extra" fridges, adjust your thermostats so it is warmer in the summer and cooler in the winter.
- Cut back on mailing costs by using email as much as possible.
- Analyze your staff positions. Figure out which are essential and which are simply nice to have. Either eliminate the "nice to have" positions, make them part time, or see if you can get people to volunteer to do that work. Do you have paid janitorial or other services current staff or volunteers would be willing to do?
- Analyze all your expenditures to see what is essential and what is nice (such as having water delivered for your water cooler or having donuts at staffings).
- Cut phone costs by using cheaper internet based "telephony" services such as Skype and Gtalk.

- Buy cheap and buy from companies that give discounts to non-profits.
- If worse come to worse, do what the State and Counties are doing – have furlough days for staff (no pay, but no work).
- If you have perks, either make them smaller or eliminate them until the rate is restored.
- If you have multiple offices within the allowed 2 hour service range, consider consolidating them to reduce operating overhead.
- Check your medical, dental, and/or insurance plans. There may be less expensive providers and/or you may need to shift what you offer and what the staff's contribution needs to be.

## **Some advice if you are considering a merge with another FFA in order to survive:**

Over the last couple of years there have been an increase in the number of FFAs that have merged in order to stay alive. CCOFFA would like to offer some advice based on our observations of some of those mergers:

- First and foremost: make sure your two agencies have the same “personality” and philosophy in regards to the families, the clients, and the industry. If the two agencies have distinctly different personalities and styles, the merge is likely to be rocky with lots of foster families leaving to seek an agency that is more like what they are used to. We’ve seen this happen with a number of merges.
- The primary idea behind a merge is to be able to lower overhead by having fewer sites and less staff to accomplish the same task while, hopefully, not significantly reducing the services offered to the clients and foster families. So, some specific issues will need to be addressed:
  - Although it would be nice if this didn’t happen, it does: one agency tends to be stronger than the other and in the months following the merge, the newly merged agency tends to take on the structure and identity of the stronger of the two agencies and the other agency begins to “fade” into the stronger.
  - Where will the newly merged agency be housed? Length of leases on the various sites might be a determining factor, as well as cost per square foot, its proximity to the families served, etc.
  - Due to client to social worker ratios, you may end up keeping nearly all of the “line” social work staff of both agencies in a merge. However, the newly merged agency will likely not need nearly as much management as two separate agencies, nor will they likely need as much support staff. So it might be wisest, before the merge, for the two directors to realistically discuss the strengths and weakness of their administration and support staff to determine who would be the best people to keep during the consolidation. Also, will you let some of the “line” staff go and replace them with quality people you can no longer use in a managerial position?
  - Speaking of two directors, realistically there can only be one top dog. In deciding who will be the top boss, understand that most staff will have their loyalties tied to their original boss. This can create some rocky times during the transitions. Being a newly merged agency, the last thing you need is an us-versus-them mentality within your ranks.
  - Which agency’s policies and procedures, as well as health plans, will be adopted for the merged agency?
  - What will the name of the agency be? Name changes equal identity changes, so if two merge, but take on the name of just one of the agencies, that becomes a declaration to staff and families which agency “won” in the merge. A new name, be it a combination of the two prior names, or a new name altogether, will be another identity transition for staff and families. It is obviously best if virtually everyone is on board with the decision.
  - You have to work out the merge, and all the business name changes, insurance changes, lease changes prior to the merge. You also need to work closely with CCL regarding the merge, so they are clear on the name of the agency, the offices that will remain open, who the administrators are for those offices, etc.

- o Change can be scary. How are you going to inform the staff, families, and clients of the upcoming merge and the changes that will create? It is best to keep them as informed as possible because if foster parents get nervous, they WILL start looking around for a fallback FFA if they don't like the change.
- o When you merge agencies, you merge strengths AND weaknesses, including staff, families, and the financial status of the two agencies. Is one agency willing to take on the debts of the other in a merge?

A successful merge is a possibility, with lots of thought, planning, and wisdom. In the last few years, CCOFFA has observed more rocky merges than smooth ones. Just keep in mind that the purpose of a merge is to strengthen both agencies by becoming one, not to weaken the newly merged agency.

FYI, there is an attempt being made to have the rate decrease apply only to FFAs who do not have an accreditation. However, after talking with Assembly Speaker Bass's office, I doubt that will go far because it's all about cost reduction right now and, to the best of our knowledge, NO ONE has fully dodged this budget ax.

Best of luck to everyone, this is going to be a tough time to be an FFA.

Sincerely,

Jerry Johnson  
CCOFFA

### 97 CCOFFA member FFAs

A New Beginning FFA	Environmental Alternatives	HUGS FFA	Parents By Choice
ABC Foster Family Agency	Evelyn S. Cox FFA	Independent Options FFA	Positive Option Family Services
Abrazo Foster Family Agency	Families United	Interim Care FFA	Proteus FFA
Advantage Foster Family Agency	Families Uniting Families	Joshua Foster Family Agency	Provisional Care Child & Family Services
Alannah Foster Family Agency	Family Life Foundation, Inc.	Kair In-Home Social Services, Inc.	Rancho Jireh Foster Homes
Alpha Treatment Center	Family Linkage	Kamal' FFA	Rainbow Valley Foster Care
Angels Foster Family Agency	Family Solutions, Inc.	Karing for Kids FFA	Safe Harbor Family Services
Arbiter Foster Family Agency	Foster Family Services	Koinonia Family Services	Secure Transitions
Ark Homes Foster Family Agency	Fred Jefferson Memorial FFA	Krista Foster Homes	Sojourner Truth FFA
Arrowhead Foster Family Agency	Free to Be Programs	La Cuna, Inc. FFA	Southern California FFA
Aspiranet (San Bernardino)	Future Families	Litehouse Children & Family Services	Specialized Care FFA
Atkinson Youth Services	Futuro Inafantil Hispano FFA	McKinley Children's Center FFA	Spectrum Children's Services
Avant-Garde Foster Family Agency	Genesis Family Center	Mountain Circle Family Services, Inc	St. Francis Foster Family Agency
Beta Foster Care	Greater Hope Foundation for Children	Nepenthean Homes FFA	St. Patrick's Foster Family Agency
Better Choices, Inc./Ready for Life FFA	Grace Homes FFA	New Dimensions	St. Vincent's Foster Family Agency
Bright Horizons FFA	Greenhouse Family Services	New Horizons FFA	<i>Sunrise Foster Family Agency</i>
California Youth Advocate Program	Growing Alternatives FFA	New Mellineum FFA	Teens Happy Homes FFA
Childhelp Foster Family Agency	Happy Faces FFA	Niños Latinos Unidos FFA	TJO Fowroe Haven Homes
Children's Hope FFA	Help Our People Excel Foster Care	Nuevo Amancer Latino Children's Services	United Connections FFA
Children's Plus FFA	HELPS Foster Family Agency	Olive Crest	Valley Oaks FFA
Children's Way FFA	Hillcrest Springs FFA	Open Line Foster Family Agency	V.B.R. Foster Family Agency
Covenant Community Services	Homes With Heart FFA	Our Children's Keeper FFA	Vision Quest Children & Family Services
Dangerfield Institute of Urban Problems	Hope 4 Kids FFA	Paradise Oaks Youth Services	Welcome Home FFA
Daybreak Foster Family Agency	Hosanna Homes		WynSpring Family ReSource Center
EMQ-Families First			

If you have suggestions, or if you'd like to join CCOFFA (at NO cost or obligation), just contact us at [jjohnson@kfh.org](mailto:jjohnson@kfh.org), call (209) 577-0237, or fax us at (209) 577-0272.