



**STATE OF WASHINGTON**  
**DEPARTMENT OF CHILDREN, YOUTH, AND FAMILIES**

1500 Jefferson Street, SE • P.O. Box 40975 • Olympia WA 98504-0975

September 13, 2024

Dear Governor Inslee and Washington State Legislators,

Please find attached the Rising Strong Sustainable Operating Model report authorized by the 2023 state operating budget. The Legislature provided \$150,000 to the Washington State Department of Children, Youth, and Families (DCYF) *“to lead the development of a sustainable operating funding model for programs using the rising strong model that provides comprehensive, family centered drug treatment and housing services to keep families together while receiving treatment and support. The department shall work in coordination with the health care authority, the department of commerce, other local agencies, and stakeholders on development of the model.”*

Rising Strong (RS) is a program located in Spokane, Washington, that provides a combination of housing and access to drug treatment to families, particularly families involved in the child welfare system. As an alternative to removing children from their parents’ care and revolving door crisis care, RS is a holistic family-centered treatment and housing program for at-risk families that enables children and parents to stay together while they begin to recover from substance use disorder (SUD), heal from trauma, and rebuild their lives.

The Department of Commerce submitted two reports regarding RS to the Legislature in the past few years: [the first report](#) in March 2022 and [the second report](#) in March 2023. Both contain more detailed information on the background and context of the RS model.

DCYF has partnered with the Center for Economic and Business Research (CEBR) at Western Washington University to develop a sustainable operating model. CEBR and DCYF analyzed the operational cost drivers and expenses under the RS Spokane business model. This involved multiple work sessions and an on-site visit to RS in Spokane. Based on the information collected, CEBR developed an operational and cost model for the RS program. This model and work product of CEBR is presented below.

DCYF reached out to subject matter experts on Medicaid billing for behavioral health services within the Health Care Authority and housing experts within the Department of Commerce. The outreach included conversations to describe the RS model and exploration of other ways RS could take advantage of Medicaid reimbursements or Commerce grants and funding.

It is important to note that the RS rate model is unique to RS Spokane’s position as a program within Catholic Charities Eastern Washington. The Medicaid eligible services that families access while staying at RS are not provided directly through RS, but through the Community Behavioral Health Services of Catholic Charities, which is the singular HIPAA Covered Entity and part of CCEW, a hybrid Covered Entity organization. Catholic Charities bills Medicaid for reimbursement of WISE, mental health (MH), SUD, and other services for the work performed

by CBHS as part of the holistic program. Catholic Charities is the entity billing Medicaid for reimbursement of WISe, MH, SUD and other services. As such, these costs are not reflected.

DCYF looks forward to continued conversations on the best way to expand this promising model for child welfare involved clients.

Sincerely,

*Vickie Ybarra*

Vickie Ybarra, PhD, MPH, RN  
Assistant Secretary of Partnership, Prevention, and Services

By email



## Project Background

This memo is a response to the 2023 Rising Strong (RS) proviso.

## Modeling Background & Analysis

Before developing a sustainable financial model utilizing DCYF standards, the research team first explored RS current operation utilizing RS data. While collecting information for this work, several operational observations were made by the research team.

- The current RS operation has been built around an existing facility and programs. This impacts the cost structure in a variety of ways while also creating a much larger program capacity than would likely be replicated by another provider.
- There are 57 rooms total in the facility with each room supporting two people. RS has a capacity to serve 20-50 families, depending upon family size. The average number of families served in State Fiscal Year 2024 was approximately 20 families.
- Staffing costs and ratios reported by RS appear lower than what the Washington State Department of Children, Youth, and Families (DCYF) would typically expect within their managed programs.

The DCYF sustainable model created represents the RS model as a base standard and uses DCYF approaches to standardized wage and service cost data. This approach has been developed with DCYF depicting typical cost centers structured to conform to the program model as defined by RS. The intention of this model is to develop a community-based sustainable model that could be replicated by providers in other locations utilizing the same core programmatic approach. In creating this model, several operational observations were made by the research team that DCYF understands to be the corner stone to sustainable models.

- For the purposes of this model, participation is assumed to be 10 families to better represent available, appropriate space and potential demand at a larger scale of implementation.
- Staffing costs and ratios are set to typical DCYF approach to service delivery in order to support the agency's commitment to high quality programs. DCYF utilizes Washington State wages identified through the Employment Security Department for staffing costs.

Comparing RS current operation versus the DCYF model provide different financial projections with a preference for the DCYF model as more likely to represent a sustainable community-based program model that could be replicated in additional locations. The intention of this model is to outline the current funding sources, expenses of the facility, and potential new funding sources to fund the gaps of RS's profit and loss.

Direct comparison of the Rising Strong's current operation and the DCYF sustainable model is challenged by the different capacities modeled and further complicated by RS total capacity versus typical service delivery. The RS 20-family model and the DCYF 10-family model have nearly the same programmatic cost. This means that the DCYF model costs nearly twice as much as the RS model when looking at the per family cost. DCYF believes this to be the actual cost to operate a RS model based on:



- Setting size that can operate at capacity within communities
- Competitive data driven wages for direct service staff

Although more expensive, DCYF believes that a sustainable program needs to have funding that adequately compensates providers for their costs.

## Rising Strong

### Overhead

RS's budget for operational costs is higher than DCYF's approach to rate setting due one unique component of RS, the facility. The annual budget for contracted services is \$60,000, which includes the referral coordinator who provides all screening for RS intakes, background check fees of clients, contracted temporary agency staff, and contracted group facilitators.

In unpacking the gap between RS's budget and DCYF overhead standards, below is an explanation of some of the highest overhead costs, including rent, contracted services, telephone and internet, and vehicle expenses.

RS's operating expenses for rent are significantly higher than DCYF standards, totaling \$378,482/year. This total includes the leasing rate, utilities, maintenance staff, and the following cost items:

<b>Operational Costs</b>	<b>Yearly</b>
Building Maintenance	\$18,000
Contracted Services	\$60,000
Maintenance - Program Equipment/Furnishings	\$12,000
Meals & Entertainment	\$7,200
Meetings, Conferences and Training/other staff travel /dues & fees	\$18,000
Occupancy - Lease	\$378,482
Office Equipment Lease	\$3,600
Other Employee Expenses	\$5,000
Printing/promotional expenses	\$720
Program (office/medical) Supplies	\$13,400
Staff Mileage	\$600
Telephone & internet	\$19,200
Vehicle Fuel, Maintenance, Repair: 4 company owned vehicles	\$20,000
Vehicle Insurance	\$8,564
Vehicle License	\$600
Volunteer Support/meals, etc.	\$720
Transportation Asst for Clients	\$4,800
Other Client Support	\$6,000
Client workshops/training	\$3,600
<b>Sub-Total</b>	<b>\$580,486</b>



Additionally, RS has \$18,000 in building maintenance in their budget, and \$12,000 for program equipment and furnishings maintenance.

To protect client privacy, Tiger Connect is used, raising the telephone and internet bill to \$19,200 annually, which is higher than DCYF standard. This significantly exceeds the DCYF standard of \$4,692 annually per FTE for Office & Utilities (office phone, electric, and internet). RS also budgets for vehicle fuel, maintenance, repair, insurance, licensing, and transportation assistance for clients, at a total of \$33,964.

## Wages and Benefits

RS's 2025 budget is \$1,487,823 including benefits.

Below is an example of some differences in position wages between RS and DCYF standards:

Position	Rising Strong wage	DCYF modeled wage
Program Director	\$49.50	\$48.83
Program Manager	\$35.00	\$42.46
Supportive Housing Care Coordinator	\$28.50	\$29.59
Partnership & Operations Coordinator	\$28.50	\$29.59
Family Skills Coach – Lead	\$22.50	\$29.51
Family Skills Coach	\$19.50	\$25.66

## DCYF Model

### *Staffing*

The staffing assumptions from DCYF model the staff size required for a 10-family facility in RS. The “Staffing Per Site,” is calculated from the sum of hours for each position (day, swing, and overnight) required to operate the RS facility, scaled annually, and divided by 2,080 hours worked per year.



Table 1: Modeling Staffing Assumptions

<b>Modeling Staffing Assumptions</b>	<b>Ratio</b>
	<b>Families to On Shift FTE</b>
Family Skills Coach - Day	10
Family Skills Coach - Swing	10
Family Skills Coach: Overnight	20
Recovery Peer- life skills	20
Partnership & Operations Coordinator	20
Supportive Housing Care Coordinator	20
	<b>Staffing Per Site</b>
FSC: Front Desk Triage Specialist - Day	2.8
FSC: Early Risers Specialist - Day	2.6
Family Skills Coach - Shift Lead Day & Swing	2.8
Family Skills Coach - Supervisor	1
Administrative Assistant/Data Support	1
Maintenance Staff	0.25
Program Director/Manager	2.43
Executive or CEO	0.05

*Operational Costs*

The Operational Costs table shows DCYF’s calculations for the RS facility. These are calculated based on DCYF cost standards, a 10-family scenario, and the necessary staffing requirements for RS operations (day, swing, and overnight shifts).

Table 2: Operational Costs

<b>Operational Costs</b>	<b>Yearly</b>
Staff, Training, & Certificates	\$9,328
Insurance (Liability, general, except health)	\$31,200
Bookkeeping Services	\$4,029
HR & Payroll	\$19,252
Staff Equipment - Phones, Laptops, etc.	\$3,766
Licenses & Permits	\$900
Office supply expenses	\$8,507
Office & Utilities (Office phone, electric, internet)	\$87,529
Repairs and replacement materials	\$9,000
Cloud services	\$6,491
Recruitment Employment Ads	\$6,000
Car & Truck Expenses	\$20,100
Cleaning supplies	\$6,523
General Medical Equipment	\$6,000
Utilities (phone, electric, cable)	\$20,040
Housing Costs	\$234,000
General Operations	\$23,633



Costs

Below is a table showing RS’s 10-family cost summary. This includes personnel, taxes and benefits, and overhead calculated if 10 of the 57 family slots are filled in the RS facility.

Table 3: Cost Summary

Cost Items	Yearly
Personnel	\$1,139,688
Taxes & Benefits	\$433,066
Overhead	\$496,299
<b>Total</b>	<b>\$2,069,053</b>

Revenue Options

Below is a table outlining RS’s revenue options with yearly estimates from the funding sources. This includes a DCYF maintenance payment and potential new funding delivered by Family Skills Coach Leads as a family skills service.

While FFPSA could be a potential future funding source, DCYF still needs to secure the necessary infrastructure in order to claim for FFPSA, including the development of a Comprehensive Child Welfare Information System (CCWIS). DCYF anticipates the CCWIS project to be completed by June 30, 2029 and at that time the agency will have the opportunity to leverage Title IV-E matching prevention funding through FFPSA.

Table 4: Revenue Options

Revenue Option	Yearly Estimates
<u>Current Funding Sources Yearly</u>	
DCYF Maintenance Payment, assume 50% families have child placed through in-home dependency	\$58,500
<u>Potential new funding</u>	
<b>FFPSA - Family Skills service Delivered by FSC Lead Per Family Yearly (future biennia only)</b>	<b>\$35,000</b>

Including these revenue options, a funding gap is still present totaling to \$1,975,553, which is \$197,555.28 per family per year.

Conclusion

In summary, the operational cost for a 10-family facility by DCYF’s calculations is \$2,069,053 per year. DCYF’s 10-family model is different than RS’s 20-family scenario to reveal the expenses and funding gaps the RS program is facing.

For RS to scale to a 20-family facility effectively and sustainably, DCYF believes it is necessary to hire more staff to support its clients and increase the wages of its staff. The DCYF standard for RS’s organization in a 10-family model is \$1,572,754 for wages, taxes, and benefits annually. RS’s 2025 budget



is \$1,487,823. DCYF's model has higher wages and serves less clients; however, it fully compensates the provider for the cost of service. DCYF believes this will ultimately be more sustainable as the provider will be able to continue the program without significant staff turnover or operating with a continual deficit.