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NORTHERN DISTRICT OF CALIFORNIA

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13 UNITED STATES DISTRICT COURT
14 NORTHERN DISTRICT OF CALIFORNIA
15 SAN FRANCISCO DIVISION

CV 09

4398

17 CALIFORNIA ALLIANCE OF CHILD AND
18 FAMILY SERVICES,

19 Plaintiff,

20 v.

21 JOHN WAGNER, Director of the California
Department of Social Services, in his official
22 capacity; GREGORY ROSE, Deputy Director of
the Children and Family Services Division of the
23 California Department of Social Services, in his
official capacity,

24 Defendants

No.

DECLARATION OF WILLIAM
MARTONE IN SUPPORT OF
PLAINTIFF CALIFORNIA
ALLIANCE OF CHILD AND
FAMILY SERVICES' EX PARTE
APPLICATION FOR TEMPORARY
RESTRAINING ORDER AND
ORDER SHOWING CAUSE
REGARDING PRELIMINARY
INJUNCTION

1 I, William Martone, declare as follows:

2 1. I am a resident of the State of California and am over the age of 18. I am
3 submitting this declaration in support of California Alliance of Child and Family Services'
4 Temporary Restraining Order Application. Each of the facts stated herein are based on my
5 personal knowledge unless I state that I know that information based on information and belief.

6 2. I am currently the President and CEO of Hathaway-Sycamores Child & Family
7 Services ("Hathaway-Sycamores"). I have held these positions since September 1994. As
8 President and CEO, my duties include oversight of the organization's finances.

9 3. Hathaway-Sycamores, Los Angeles County's largest children's mental health and
10 welfare agency, was formed through the 2005 merger of two legacy organizations, Hathaway
11 Children and Family Services, founded in 1919, and The Pasadena Children's Training Society
12 d/b/a The Sycamores, founded in 1902. Historically, both organizations operated orphanages,
13 which were eventually transitioned to licensed group homes for children.

14 4. Hathaway-Sycamores currently operates one forty-bed home for boys in
15 Altadena, California. The residents range in age from eight to eighteen and come to our facility
16 through referrals from the Department of Mental Health, Department of Child and Family
17 Services and probation.

18 5. The cost of operating our residential foster care facility accounts for
19 approximately five percent of Hathaway-Sycamores' total budget. The funds used to operate the
20 residential facility come from the Department of Mental Health and from the California
21 Department of Social Services ("DSS"), which makes foster care maintenance payments to
22 Hathaway-Sycamores as is required under the federal Child Welfare Act and California's
23 Welfare and Institutions Code.

24 6. The foster care maintenance payments that Hathaway-Sycamores receives from
25 DSS are used to provide the most basic necessities to the foster care children at our residential
26 facility. Among other things, we use the funds we receive to provide food, shelter, daily
27 supervision, school supplies and many other essential items as required under the federal Child
28 Welfare Act and California Welfare and Institutions Code.

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1 7 In recent years, the cost of providing the basic necessities required under the
2 federal Child Welfare Act and California Welfare and Institutions Code has increased
3 significantly. At the same time, the reimbursement rates have remained almost the same. As a
4 result, the reimbursement rates from DSS no longer cover the costs of providing the required
5 basic necessities to the foster care children in our residential program. Unfortunately, this has
6 led Hathaway-Sycamores to reduce the size of its program by closing 118 beds. Specifically, in
7 2005 and 2006, we closed three community-based homes that had provided a total of eighteen
8 beds for adolescent boys and in 2007 we closed a one-hundred bed co-ed residential facility in
9 Sylmar. Although there were a number of factors involved in the closures, financial concerns
10 resulting from DSS's inadequate reimbursement rates were a substantial factor.

11 8 Additionally, we have had to reduce the size of our Altadena residential facility.
12 That facility originally accommodated sixty children. It now accommodates only forty.

13 9 DSS's inadequate reimbursement rates have also required us to continually reduce
14 our spending by eliminating much of the spending considered non-essential under the foster care
15 regulatory regime. For example, we have reduced spending on food, reduced the number of
16 outings for the children, not replaced old vehicles, deferred maintenance, reduced the number of
17 cleaning and food service staff, reduced the number of on-site nursing staff, hired less
18 experienced and less educated staff and decreased the number of management staff.

19 10 I am informed and believe that in July 2009, the State of California passed its new
20 budget for 2009 (the "2009 Budget"). The 2009 Budget includes a ten percent reduction in the
21 DSS reimbursement rates for foster care maintenance payments.

22 11 The 2009 Budget's ten percent reduction in DSS reimbursement rates will further
23 increase the gap between, on the one hand, the amount necessary to provide the required basic
24 necessities under the Child Welfare Act and, on the other hand, the amount Hathaway-
25 Sycamores actually receives from DSS. This reduction will significantly affect Hathaway-
26 Sycamores and the foster children under its care. With the ten percent reduction in
27 reimbursement rates, DSS funds would have only covered approximately seventy percent of our
28 operating costs.

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