



**Final Report to the CDSS and the Stakeholders Work Group:**  
**Child Welfare Budgeting Issues**

Prepared for the California Department of Social Services

by the Center for Public Policy Research

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We were asked (a) to provide information about different states' child welfare systems, different budgeting methodologies, and industry standards and best practices in the child welfare field, using California as a reference point and giving special attention to outcome monitoring; and (b) to prepare an analysis of county-level demographic trends with respect to ethnicity and child poverty. Based on CDSS's request and discussions with the Stakeholders Work Group concerning our preliminary reports, we have also (c) sought to determine the research basis for industry standards regarding child welfare caseloads, which are central to California's method of budgeting for services. Because there is a large amount of data concerning issue (c) which bears on all of the other considerations, we will summarize findings on that issue first.

The report is divided into the following major (titled) sections: Executive Summary; The Caseload Issue; Do Reduced Caseloads Have a Measurable Effect on Desired Outcomes?; California Demographic Issues; Comparison of Selected States: Demographic and Budgeting Issues; Funding Models Aimed at Improving Child Welfare Services; Final Observations and Conclusions. To make the main body of the report manageable in size, we present many of the details in appendices and refer to our previous reports (one on innovations in other states and one on county demographics) without duplicating the details here.

### **Executive Summary**

California bases its child welfare budget primarily on caseloads. Since the S.B. 2030 study in 2000, which yielded a report containing lower caseload targets, there has been uncertainty regarding how much progress is being made toward achieving those targets, and how this progress or lack of it affects the attainment of federal- and state-mandated child welfare outcomes. This situation provokes several questions: (1) What are reasonable caseload levels when cases are becoming more complex, when more than one person is involved in working on a case, and when extensive records have to be

maintained about every case? (2) Do caseloads really matter? Is there solid evidence that heavy caseloads have a negative impact on services – and on measurable outcomes for children? (3) How should California’s caseloads be determined, managed, and monitored?

**The following are brief answers to these questions:** (1) The Child Welfare League of America (CWLA) and the Council on Accreditation (COA) have proposed standards for different kinds of caseworkers, and California has high caseloads compared to those standards (see the S.B. 2030 study’s executive summary in Appendix A). However, it is difficult to compute actual caseloads, and there is some question about what caseloads in California actually are at the moment. For example, the Legislative Analyst’s Office (LAO) prepared a report in 2005, concluding, “Our review indicates that California has made significant progress toward meeting minimum workload standards” and that “In order to assist the Legislature in monitoring future progress toward meeting these standards, we recommend enactment of legislation requiring the DSS to provide an annual report to the Legislature which shows where each county, based on total funding and caseload, stands in relation to the workload standards.”

Moreover, the California Social Work Education Center’s (CalSWEC’s) child welfare services workforce report (Clark & Fulcher, 2005) found that turnover among social workers in California has not been as high as in many other states, which suggests a fairly stable workforce. The County Welfare Directors Association (CWDA) replied to the 2005 LAO analysis, challenging its figures and reasoning but agreeing that there should be an annual report to the Legislature showing where each county stands in

relation to workload standards. The CDSS and the Stakeholders Work Group should clarify and resolve issues associated with caseloads and caseload standards in California.

(2) **Do caseloads matter?** The answer to this question is clearly yes, as indicated by a host of research studies and the deliberations of the CWLA and COA. Moreover, when we looked across states to see how most of them have reacted to failing their Child and Family Services Reviews (CFSRs), we saw that states that have moved toward meeting federal outcome standards have generally done so partly by devoting more money to reducing caseloads – sometimes dramatically. Most of them mentioned on their websites that part of their pre-CFSR problem was caseworker burnout and high turnover. Although lower caseloads have been found to contribute to system and practice performance (e.g., lower staff turnover, increased visits with families), which are related to better outcomes, there are no detailed statistical studies, post-CFSRs, showing how *strongly* caseload reductions are associated with better outcomes. This relationship should be monitored and evaluated systematically in California.

(3) In particular, it would be useful to determine, over the next several years, how funding to reduce caseloads affects the child and family outcomes now being measured on a quarterly basis by UC Berkeley. In general, it would seem wise to pay as much attention to outcomes as to caseloads, because the main goal of reducing caseloads should be to achieve better outcomes for children.

Turning next to the issue of **county-level demographic analyses of trends in child poverty**, we analyzed county trends in child poverty rates and ethnicity, finding that counties differ greatly on both counts and there is a significant correlation between proportion of Hispanic/Latino residents in a county and child poverty rates in that county.

We also analyzed child welfare outcomes in each county, using data from the UC Berkeley website, and found, surprisingly, that proportion of Hispanic/Latinos in a county is actually negatively related to variables such as proportion of children in foster care. (Proportion of Whites in a county is positively related to abuse and neglect indicators.) Thus, although the proportion of Hispanic/Latinos in a county is related to child poverty, it does not predict a greater need for foster care, except to the extent that it is related to the rate of child poverty. If demographic factors are considered in budgeting, the main issue should be the rate of child poverty rather than ethnicity. (If caseworker and caseload figures for each county were available, we could determine whether these variables moderate the relation between demographic factors, such as poverty, and child welfare outcomes. At present, however, caseload figures are not available on the UC Berkeley website.)

Finally, regarding the issue of budgeting methodologies, we found that they differ considerably across states, partly because not all states have county-level involvement, partly because some states rely on competitive bidding among private contractors for child welfare services, and partly because California has accepted the “hold harmless” approach, which means that basic child welfare services funding cannot go down for counties regardless of any decrease in the number of cases. We noted that some states are attempting to move toward an incentive-and-outcome based budgeting process, which is fairly different from California’s current emphasis on welfare worker unit cost multiplied by number of FTEs (which focuses on process rather than outcomes). We discuss innovative incentive-based alternatives, but to date they have not been sufficiently evaluated in other states to be certain of their success, and there are some indications

(e.g., in Florida) that they make matters worse rather than better. This issue deserves further research.

In conclusion, we suggest that California is unique in being the largest state in the country, basing its welfare funding on detailed negotiations with counties, having a large and growing Hispanic/Latino population, having a better-educated-than-average group of social workers, having an excellent quarterly outcome-monitoring system, and adopting a “hold harmless” policy. If California could move toward the 2030 caseload standards (Appendix A) or the CWLA caseload standards (shown in Table 1 and Appendix B) while keeping its eye on demographic trends and child outcomes (to be sure that moving closer to established caseload standards has the desired effects on outcomes), evaluating changes in outcomes in relation to expenditures, and shifting funding among counties over time with outcomes in mind, California could lead the nation in both methods and results. Given its size and education level, including specifically in the area of social welfare, it makes sense for California to accept a leadership role.

## **The Caseload Issue**

### **Background**

“As child welfare policy has evolved in recent years [following the passage of the federal Adoption and Safe Families Act of 1997], the working assumption has been that ‘safety, permanency, and well-being’ is an accurate expression of priorities for the child welfare system. . . . Safety and permanency outcomes were the first to be codified as part of the Adoption Assistance and Child Welfare Act of 1980. The phrase ‘well-being’ was introduced later as part of the family preservation and family support provisions of the 1993 Omnibus Budget and Reconciliation Act of 1993” (Wulczyn, Barth, Yuan, Harden,

& Landsverk, 2005, p. 15). Researchers and policy makers have generally agreed that it makes sense to help families solve problems before it becomes necessary to remove their children, and to make stays in foster care as safe and brief as possible, with an outcome of successful and permanent family reunification or, when necessary, permanent adoption into a safe family.

In 2001, the US Department of Health and Human Services (HHS) began monitoring state child welfare systems and practices to see how well they met seven criteria: two related to child *safety* (Children are, first and foremost, protected from abuse and neglect; Children are safely maintained in their own homes whenever possible and appropriate); two related to *permanency* (Children have permanency and stability in their living arrangements; The continuity of family relationships and connections is preserved for children); and three related to *well-being* (Families have enhanced capacity to provide for their children's needs; Children receive appropriate services to meet their educational needs; Children receive adequate services to meet their physical and mental health needs). In the first round of CFSRs, no state, including California, achieved a favorable evaluation on all seven criteria, and all states were required to prepare Program Improvement Plans (PIPs) if they wished to continue receiving federal funds. The result has been a dramatic change in emphasis across the country, from foster care to the seven outcomes stressed by the federal government.

In addition to federal pressure on state child welfare systems, there have been numerous influential lawsuits and court actions against states because of their failure to provide children with safety, permanence, and well-being. (See Kosanovich & Joseph, 2005, and the introduction to their analysis by Bilchik & Davidson, 2005, who represent

the CWLA and the American Bar Association, respectively.) Kosanovich and Joseph reviewed 35 legal cases. (There were many more cases, but the authors could obtain complete records for only 35.) In their comments on the study, Bilchik and Davidson (2005, p. 3) conclude that “class action lawsuits can definitely effectuate large-scale systematic change in the child welfare system . . . [But] ideally, given the expense and time-consuming nature of litigation, systematic transformation and improvement would best occur in other ways, administratively and legislatively, without the need for such lawsuits.” We agree and have adopted this philosophy while assembling the present report.

Of the 35 cases examined by Kosanovich and Joseph, 30 (63.8%) required the defendants to address issues concerning *caseworkers*, such as adequate staffing, maximum caseloads, and enhanced training and supervision. The other 5 cases, and many of the 30 already mentioned, addressed other issues that clearly related to adequate staffing, staff training, and caseloads; for example, placement issues such as recruitment, retention, licensing, and training of foster parents; relative placements; monitoring group homes; protective service issues such as reporting, investigating, and intake; ensuring certain services to children and their families, such as medical, dental, and mental health examinations, parent-child or sibling visitation, and independent living training; planning issues such as specifying case goals and working toward permanency; and developing new resources, such as electronic information and record-keeping systems and quality assurance reviews. All of these issues imply a need for an adequate supply of well-trained and effectively managed caseworkers.

In response to the lawsuits, some states passed reform legislation that eventually resulted in their consent decrees being lifted. For example, in New York, as a result of settling the Marisol cases (Marisol v. Pataki; Marisol v. Guiliani), “the Administration for Children’s Services has *achieved lower caseloads*, obtained funding for additional placements, *sharply increased staff training*, vastly improved its data management system, and reconfigured foster care services along neighborhood lines” (our italics; <http://www.cwla.org/advocacy/consentdecrees.pdf>, p. 6; Children’s Rights, 2005, [http://childrensrights.org/Legal/Marisol\\_Pataki.htm](http://childrensrights.org/Legal/Marisol_Pataki.htm)). In Wisconsin, as a result of settling the Jeanine B. case (Jeanine B. v. McCallum), the child welfare system was improved in numerous ways, “*including caseloads that previously exceeded 100 children per social worker dropping to an average of less than 20 children per social worker*” (our italics; <http://www.cwla.org/advocacy/consentdecrees.pdf>, p. 6; Children’s Rights, 2005, [http://childrensrights.org/Legal/Jeanine\\_Thompson.htm](http://childrensrights.org/Legal/Jeanine_Thompson.htm)). Many of the other states also complied with their consent decrees by improving services, adding staff, improving the supervisor-to-staff ratio, and improving caseworker training and record-keeping.

### **The Caseload Issue in California**

Obviously, to provide the social services necessary to assure child safety, family permanency, and child well-being, every state, including California, needs an adequate number of case workers who have the time and training to assess children’s living situations, provide timely interventions, and keep proper records based on periodic case monitoring. They also require time to pursue potential adoptive parents, especially among abused or neglected children’s relatives and in the children’s own communities (which are now national priorities). It takes time to arrange proper mental and physical health

services, make sure that treatment records remain available when children change homes or locations, cooperate with the courts, and keep track of child cases over time. At present, California has a high caseload compared to most states for which we have been able to obtain caseload information (see Table 1, beginning on the next page). Its caseload is also high compared with the CWLA and the COA caseload standards (for CWLA, see our Appendix B and [http://www.cwla.org/programs/standards/cwla\\_caseload\\_standards.htm](http://www.cwla.org/programs/standards/cwla_caseload_standards.htm); for COA, see ([http://www.coastandards.org/standards.php?navView=public&core\\_id=269](http://www.coastandards.org/standards.php?navView=public&core_id=269)).

Table 1 (on the next two pages) shows caseload standards and state caseloads for selected states, including California. (The caseloads in California are based on current funding levels for caseworkers and have been roughly the same since FY 2001-2002. The precise current caseloads need to be determined by the Stakeholders' Work Group, because they are still not quite clear to us.) The Work Group has agreed that it is difficult to compare overall caseloads across states based on the kinds of information available (because the caseloads are composed of different kinds of cases and are handled differently). Some members of the Work Group have tentatively discussed selecting an overall caseload ratio across all kinds of cases; others have held to the recommendations in the 2030 report (see Appendix A).

According to Clark and Fulcher (2005 [slightly condensed here]):

One California response to [the workload situation] was S.B. 2030 (Chapter 785, Statutes of 1998), which mandated that the state evaluate child welfare workload patterns relating to service delivery. In 2000, the S.B. 2030 study team concluded that child welfare worker workload standards in California were not adequate to meet then-present regulations, much less to optimize practice (CDSS, 2000). In 2000, A.B. 2876 (Chapter 108, Statutes of 2000, Section 10609.6 of the Welfare and Institutions Code) authorized the California Stakeholders Group Human Resources subcommittee to respond to the 2030 report, which the subcommittee did in 2002 (California Department of Social

Services, 2002). This effort was noteworthy because it tied recruitment, caseload standards, education, and training to the proposed redesign of promising practices in assessment, case planning, and ongoing oversight of services to child and families. Yet it did not result in favorable legislation. Another important piece of state legislation, the Child Welfare System Improvement and Accountability Act (2001, A.B. 636), focused not only on mandated federal outcomes but on state-defined improvements [some of which have been and are now being made].

**Table 1. Caseload Standards for Selected States (as of October 2006)**

States described in this table were selected because their data were available by 10/25/06. They illustrate two facts: (1) California’s caseloads, shown in the first row, are higher than those in most of the other states, partly because other states have been subjected to successful lawsuits or are attempting to comply with the federal Adoptions and Safe Families Act (ASFA) of 1997 or are addressing their previous non-compliance with federal reviews. (2) Most states have either adopted the Child Welfare League of America’s (CWLAs) standards (which are approximately 12 cases per caseworker, although they vary with types of cases and caseworker tasks) or have come to similar figures based on their own analyses.

Accreditation agencies	Context	Workload Standards (cases per caseworker)
Child Welfare League of America (CWLAs)	Recommendation based on extensive interviews, time and effectiveness studies, lawsuits, etc.	CPS 12:1, foster care 12:1, adoptions 10:1, kinship cases 12:1, with 1 supervisor per 5 caseworkers
Council on Accreditation (COA)	Manageable workload includes caseload and other organizational responsibilities. With the recommended workload, social workers can meet practice requirements, outcomes are not impeded, and qualifications of staff and case status and complexity are taken into consideration.	15:1 for investigations, 15-30:1 for open cases

State	Context	Workload Standards (cases per caseworker)
California (included for comparison)	California paid for an excellent (2030) study a few years ago, which strongly indicated a need to reduce the ratio of cases per caseworker, but the Legislature has not yet funded a reduced caseload. Caseloads in CA are much higher than in any of the other states for which we could obtain data.	24:1 for Family Maintenance, 28:1 for Family Reunification, 54:1 for Permanency Planning, with 1 supervisor per 7 caseworkers
Arizona	House Bill 2024 (Chapter 9, Laws 2003) and Senate Bill 1513 (Chapter 286, Laws 2005) call for the establishment of Arizona specific investigation caseload standards for Child Protective Services (CPS). The development of the standards was completed in two phases. Phase 1 assessed “best practice” caseload standards for CPS investigations and Phase 2 assessed caseload standards for CPS investigations and CPS case management.	Based upon the work of Phase 1 and Phase 2, the DES recommends the following monthly Arizona specific caseload standards:  CPS Investigations: 10:1 CPS In-Home Case Management: 19:1 CPS Out-of-Home Case Management: 15:1

Colorado	A lawsuit in 1994 affected standards, as did enactment of ASFA, and CO is now close to achieving CWLA's recommended ratios.	14:1
Delaware	In 1997, the legislature passed the Child Protection Act, which requires state to hire additional staff as needed to meet standards.	CWLA standards: 18:1, treatment workers; 14:1, investigators
Hawaii	No state caseload standards, but using the CWLA caseload standards as a caseload goal at this time.	No caseload standards
Illinois	Illinois is around 85% privatized, and there are financial incentives for keeping caseloads low and achieving permanency goals.	10-12:1 for intact families and 20-25:1 for permanency cases
Maryland	Officially follows CWLA standards.	12:1 (but variable with respect to function), with 1 supervisor per 5 caseworkers
Minnesota	No standards at present but MN is looking into ways to meet ASFA requirements.	No official standards yet
Nevada	A proposal by the counties to the state legislature resulted in ratios similar to CWLA's.	12:1 for CPS, roughly 20:1 for child welfare cases
New Jersey	Due to a lawsuit, NJ is beginning to work toward CWLA standards.	Around 12:1, but slightly different for different kinds of cases, with 1 supervisor per 5 caseworkers
New York (State)	Currently engaged in a \$500,000 caseload study (similar to CA's 2030 study a few years ago).	Varies by county, but is likely to be on the way to the CWLA standards following completion of the ongoing caseload study
Ohio	No state caseload standards; each county makes its own decisions about staffing.	No state standards
Oregon	Caseload standards developed prior to ASFA. Oregon Department of Human Services is seeking a reduction in ratio due to new requirements of ASFA.	Overall average and budgeting standard is 20:1 with specific standards for practice areas: Protective services, 14:1; In-home services, 16:1; Foster care, 26:1
Pennsylvania	In 2000, PA finished 2 years of self-study provoked by ASFA. They hired consultants from CWLA and adopted CWLA's standards.	12:1 (but variable with respect to function), with 1 supervisor per 5 caseworkers
Washington	Operating under class action lawsuit (Braam v. Washington) and seeking reduction in caseloads to Council on Accreditation (COA) standards. Starting workload study to examine caseloads	Currently, 24:1. Would like COA recommended standard of 18:1

## Quick Overview of the Social Services Workforce in California

Before considering data on social service workforce and funding issues, we should have before us some of the facts about the situation in California. Clark and Fulcher (2005) prepared a report on the 2004 California Public Child Welfare Workforce Study at UC Berkeley's School of Social Welfare. The report was based on a periodic assessment of "the public child welfare workforce to determine the extent to which the

state is meeting its needs and requirements for master's-level social workers among child welfare workers and supervisors," but much additional information was obtained from the A.B. 636 county self-assessments. In the authors' words:

With the help of the California Department of Social Services (CDSS) and County Welfare Directors Association (CWDA), [information] was gathered from 58 counties between February and August 2004, using two instruments, . . . [first], the *Agency Staffing Characteristics Survey*, a questionnaire aimed at gathering agency staffing and administrative data such as vacancies, need for bilingual workers, caseload structure and size, turnover, and contracting out services, [and second], the *Individual Worker Survey*.

In the following bullet points, we condense relevant facts from the report about caseloads, staff turnover, and length of employee vacancies:

- Comparing valid and equivalent data sets from the 1998 and 2004 workforce studies, there was a 6.1% increase in the number of child welfare social workers statewide (direct service practitioners).
- Despite budget cuts, the turnover rates for child welfare social workers and for supervisors were slightly lower in 2004 than in 1998. There were significant differences between regions and county sizes, however. Smaller, Northern region counties tended to have higher turnover rates than counties in other parts of the state.
- Statewide, the majority of child welfare social workers (61.7%) had been in their current positions less than five years. However the majority (61.4%) has been in child welfare services for five years or more. 73.8% of all supervisors had been in their current positions for five years or more and 71.3 % had been employed in child welfare services for 10 years or more, slightly up from 1998.
- 51 counties reported 461 open child welfare social work positions as of June 2004, indicating a 5.2% increase in vacancies compared with 1998. (Los Angeles was not included in the percentage because there were no comparable data for Los Angeles from 1998.) Not counting Los Angeles, there was a 30% increase in supervisor vacancies over 1998.
- Child welfare social worker positions remained open for 3.66 months, on average; supervisor positions remained open for 1.64 months. The range of months that positions remained open was wider in 2004 than in 1998. Some counties reported waiting up to 15 months to fill child welfare social worker positions in 2004.
- Counties reported that current departmental budget restrictions had a large impact on filling vacancies in 2004. Due to budget cuts, counties lost or failed to fill 78

administrative support, 50 social work assistant/aide, 245 child welfare social worker, 26 supervisor, and 17 staff analyst positions.

- More child welfare social workers and supervisors reported multiple child welfare program assignments in 2004. In 1998, 53.6% of direct service practitioners reported one area of responsibility. Los Angeles County made the biggest shift toward multiple program area caseloads by 2004. In 1998 respondents from Los Angeles County were split 49.8% to 50.2% for separate versus combined caseloads. In 2004, the comparable respondents are split 42.4% to 57.6%. Regionally, only the Central region respondents indicate they carry separate core program caseloads more often than combined caseloads.
- The authors intended to measure caseload sizes and caseworker workloads, but they ended up deciding it was impossible to do so, given the complexity of many caseworkers' jobs. An increasing number of caseworkers were sharing cases and working on more than one function in their agency, making the computation of workloads difficult based on aggregate figures.
- Twenty-nine (29) counties contract out more than two-thirds of the independent living services for adolescents. Twenty-five (25) counties, mostly small, contract out over 90% of their adoptions services, primarily to CDSS. A small percentage of child welfare programs are contracted out to for-profit agencies, but for the most part counties contract with other governmental agencies and with community-based nonprofits.

The following points refer to the education levels of California social workers:

- Counties estimated that 716 child welfare social worker and 82 supervisor positions required advanced language skills besides English, with Spanish being the language most often needed. They also said they needed 174 more bilingual workers.
- The proportion of child welfare social workers identifying as bi- or multi-ethnic/racial decreased slightly (from 5.9% in 1998 to 4.7% in 2004), but the Hispanic/Latino(a) proportion increased from 17.7% in 1998 to 24.3% in 2004. The language capability of the workforce increased between 1998 and 2004. 25.4% of 5,711 respondents speak a second language in addition to English on the job. The most frequently noted second language is Spanish (82.5% of those with a second language speak Spanish).
- The workforce was more educated in 2004, with slightly more social work-degreed workers than in 1998 (66.6 % versus 53.7%), but there were eight counties in which there were no MSWs (Alpine, Calaveras, Imperial, Inyo, Modoc, Mono, Plumas, and Sierra). There were almost the same proportions of child welfare social workers with baccalaureates or BSWs in 2004 as in 1998. There were more child welfare social workers with community college degrees and fewer with high school diplomas as their highest level of education in 2004.

- Slightly more than half (51%) of all child welfare social workers, supervisors, staff analysts, and managers/administrators possess some form of graduate degree (MA, MS, MSW, PhD), but this is not true in the Northern and Central regions. In 2004 a greater proportion of child welfare social workers held social work degrees than in 1998, and there was a greater proportion of MSWs in 2004 than in 1998.
- Statewide, 72.7% of all supervisors who responded to the survey had master's degrees in any field and another 18.9% had baccalaureates, including BSWs (2.4%). Statewide, 45.1% of all supervisors who responded to the survey had MSWs.
- The proportion of workers with professional licenses did not change between 1998 and 2004. There was a smaller percentage of MFTs and a slightly larger percentage of LCSWs in 2004 in public child welfare agencies than in 1998.
- The workforce was slightly more experienced in 2004 than in 1998. In 1998 the majority (50.5%) of direct service practitioners reported having been employed in children's services for a period of slightly more than five years. The majority (69.4%) of supervisor respondents had been employed in children's services for more than 10 years.
- There are more Title IV-E-trained personnel working in public child welfare now than there were in 1998. In 2004, Title IV-E graduates could be found working in 50 counties in California. In five counties, *all* MSW respondents to the worker survey participated in Title IV-E.
- Among 1587 respondents with MSWs (or getting MSWs), 743 (46.8 %) participated in a Title IV-E program, either through CalSWEC, Los Angeles County's Inter-University Consortium (IUC), or another state's Title IV-E program.
- The proportion of workers who had participated in Title IV-E increased by 2004. In 1998 among 5585 direct practitioner, supervisor, and manager respondents, 665 (11.9%) had participated in Title IV-E; in 2004 among 4265 child welfare social workers, supervisors, staff analysts, and managers that number was 743 (17.4%).

Overall, the data indicate that social service workers in California are well educated compared to those in many other states, are highly experienced, are continuing to seek further education and training, and are responding to the need for bilingual caseworkers. Budget woes are mentioned but seem not to instigated the kinds of turnover experienced in other states (as we document later in this report).

In 2005 the Legislative Analyst's Office prepared a report on the proposed budget for child welfare services in 2005-06. The writer concluded, as shown in the following

excerpts, that the caseload situation was no longer as unfavorable as had been reported in the 2030 study:

In 1998, the Department of Social Services commissioned the SB 2030 study of counties' caseloads. At the time, the study concluded that for most categories the caseloads per-worker were twice the recommended levels. According to the study, it was difficult for social workers to provide services or maintain meaningful contact with children and their families because of the number of cases they were expected to carry. The report also found that the 1984 standards used by the state were based on outdated workload factors, and did not reflect any additional responsibilities that had been placed on social workers by the state and federal governments. These findings and the minimal and optimal social worker standards proposed by the report (illustrated in Figure 1), have dominated budget discussions regarding staffing standards since the report's release. However, due to the state's budget shortfalls, the department has continued to use the 1984 workload standards, instead of the minimal and optimal standards, as the basis for allocating funds to counties for child welfare services staff.

<b>Figure 1</b>					
<b>Workload Standards</b>					
<b>Cases Per Social Worker</b>					
	<b>Emergency Response Assessment</b>	<b>Emergency Response</b>	<b>Family Maintenance</b>	<b>Family Reunification</b>	<b>Permanent Placement</b>
1984 Workload Standards	322.5	15.8	35.0	27.0	54.0
SB 2030 Standards:					
Minimal	116.1	13.0	14.2	15.6	23.7
Optimal	68.7	9.9	10.2	11.9	16.4

The continued use of the 1984 workload standard to determine the CWS “baseline” funding amount, however, does not mean that the state has not improved social worker caseload staffing ratios. As discussed in the following section, several funding policies, and one estimating error, have moved California considerably closer to the SB 2030 standards and that gap continues to shrink every year.

The report discusses several separate components of total funding for “core child welfare services”: base funding, “hold harmless,” an augmentation agreed to in 2000, and a caseload error. (The caseload error arose when children living with non-related legal guardians were counted as needing caseworker contact, but in fact these children do not, according to the LAO analysis, receive services. According to state statute, however, the

children do receive services, but less frequently than children in other child welfare programs.) The author of the report concludes:

Due to the additional funding that has been dedicated to reducing social worker caseloads, CWS social workers are now handling significantly fewer cases than prescribed by the 1984 standards and are moving closer to meeting SB 2030 minimal standards. Figure 2 shows the difference (or gap) in the number of cases required to be carried under the 1984 standard and the SB 2030 minimal standard. For example, the gap between the number of cases required to be carried by a social worker under the 1984 standard and the SB 2030 minimal standard is 11.4 cases for family reunification. The figure also shows the reduction in this gap, in other words, the reduction in the number of cases carried by social workers based upon the proposed 2005-06 budget. For example, in 1984, social workers were asked to carry 11.4 more family reunification cases than the minimal standards established later by the SB 2030 study. Under the proposed budget, social workers will be carrying 9.5 fewer cases than in 1984. This caseload reduction eliminates 83 percent of the gap between the two standards. For Permanent Placement, the state has closed 71 percent of the gap. In Emergency Response Assessment and Family Maintenance, the state is clearly above the 1984 standards, but is well below the minimum staffing levels recommended by the SB 2030 study.

<b>Figure 2</b>						
<b>Reduction in Social Worker Caseload Compared to 1984 Standards, by Component 2005-06</b>						
	<b>Emergency Response Assessment</b>	<b>Emergency Response</b>	<b>Family Maintenance</b>	<b>Family Reunification</b>	<b>Permanent Placement</b>	
1984 Standard Gap <sup>a</sup>	206.4	2.8	20.8	11.4	30.3	
Reduction in Caseload <sup>b</sup>	90.3	5.4	11.9	9.5	21.5	
Percentage of Gap Closed	44%	195%	57%	83%	71%	
<sup>a</sup> Difference in number of cases required to be carried under the 1984 Standard and the SB 2030 minimal standard.						
<sup>b</sup> Reduction based on proposed 2005-06 funding level.						

The author also says that “over the past several years, caseloads in CWS have steadily declined.” He or she continues:

If that decline continues, more funds will shift to the hold harmless adjustment. Such additional hold harmless funds will enable the counties to continue making progress toward the SB 2030 standards. However, should this trend change and caseloads begin to grow, the state will reverse direction and move closer to the 1984 workload standards. It is important to note that counties are not required to spend their hold harmless or augmentation funding using the same ratio as the base funding. Therefore, counties may

be targeting their funds on specific components and have different social worker to case ratios than shown in [our figures]. In addition, because caseloads are declining in some counties and not others, the amount of hold harmless funding for each county will vary. Therefore, the statewide caseload ratios presented represent an average and will not be the same for every county.

As mentioned earlier, the CWDA replied to this analysis in a memo to Senate Budget Subcommittee No. 3, saying that “their analysis overstates the progress made towards meeting the recommended minimum workload standards [in the 2030 report].” In particular, the LAO analysis used total budget figures to determine how many caseworkers could be supported, but without considering all of the other direct and administrative costs aside from caseworker costs. (The unfunded cost of doing business has been increasing since the 2030 report was issued.) Moreover, the LAO analysis did consider the difference between case-carrying and non-case-carrying workers. The caseloads are much higher when only case-carrying workers are considered. In addition, the LAO analysis did not consider the increased cost of caseworkers due to union-negotiated cost-of-living allowances and the increasing complexity of caseworkers’ jobs, which have been affected by federal and state standards, mandates, and reporting requirements. (The CWDA memo can be found in Appendix C.)

These discrepant analyses leave us unclear about actual caseloads and caseload-related funding in California, overall and in various counties. The issue cannot be resolved without more information and consensus among members of the Work Group concerning the facts.

One potentially relevant kind of information appears in the latest CDSS Outcome and Accountability County Data Report (reproduced here in Appendix D.) The report shows that, across all counties, the rate of children under the age of 18 being referred to

child welfare services decreased slightly between 2002 and 2005 (moving from 51.8 per 1,000 children in the population to around 50.1 per 1,000), while the overall number of children in California went up (by 2%) from 9.4 million to 9.6 million. The number of children (under age 19) in foster care went down 9% from 8.6 per thousand to 7.8 per thousand. The rate of re-abuse within 6 months for children with a substantiated abuse referral fell from 9.8% to 8.4% (in a 12-month period the rate fell from 13.2% to 12.4%). The rate of recurrence of abuse/neglect in homes where children were not removed fluctuated between 8.9% and 8.4%. The percentage of child abuse neglect/referrals with an immediate response rose slightly from 94.5% to 96.0%. The percentage of children who were supposed to receive a monthly visit by a social worker and did receive it rose from 85.8% to 91.6%. The percentage of children who were removed from home and then reunified within 12 months rose from 36.1% to 37.5%.

In short, the quality of social services seems to have been holding steady or improving slightly on several dimensions since 2000, at least when averaged across all counties. (The only exception we noticed was a rise in the percentage of children who were abused within a year by their foster parent, which went from 0.01% to 0.19%, which is still below the federal standard of 0.57%.) It would undoubtedly be better if the outcomes were improved even more, but at least there has been no deterioration in outcomes in recent years. The fact that the figures are so stable suggests that it would be possible to measure the effects on them over time of reducing the current caseload to 2030 or CWLA standards. (The feasibility of doing this within small counties would have to be examined carefully, because the baselines may not be reliable.)

## **Do Reduced Caseloads Have a Measurable Effect on Desired Outcomes?**

Increasingly, state legislatures and child welfare policy researchers have been concerned with determining empirically whether caseloads and the quality of social service workers' contacts with clients measurably affect outcomes. There is increasing concern with getting measurable child welfare benefits in return for investment in child welfare services. For example, in California's PIP, responding to the state's failure to pass its CFSR, California committed itself to improve on six indicators of performance: recurrence of maltreatment, incidence of child abuse and/or neglect in foster care, foster care re-entries, stability of foster care placement, length of time to achieve reunification, and length of time to achieve adoption. These outcomes are now continuously monitored, on a quarterly basis, by UC Berkeley and can be used to assess improvement in achieving PIP goals.

In one study using the "recurrence of maltreatment" outcome variable, for example, the National Council on Crime and Delinquency (2006) drew data from 12 California counties representing a wide array of economic conditions, child welfare practices, and political environments ([http://www.cornerstones4kids.org/images/nccd\\_relationships\\_306.pdf](http://www.cornerstones4kids.org/images/nccd_relationships_306.pdf)). The Council's research team used cluster analysis, a technique that finds natural groupings of units under study (in this case, county welfare agencies), to explore connections among caseworker turnover, agency efficiency, and effectiveness in terms of the "recurrence of maltreatment" outcome. Three distinct clusters emerged from the analysis, representing three levels of organizational functioning: high, medium, and low.

The highest functioning cluster contained three agencies that had the lowest turnover rates, best paid staff, best compliance with recognized practice standards, and lowest rates of re-abuse. The lowest functioning cluster was composed of two agencies that had the highest turnover rates, lowest staff pay, and the highest average rates of re-abuse. The analysis revealed three distinct levels of average turnover rates for the high, medium, and low functioning clusters (9, 13, and 23 percent, respectively), and the three groups were characterized by differences in workplace characteristics. First, the highest functioning organizations had the lowest turnover rates, the highest salaries, and no requirements for being on call or working overtime. Higher functioning agencies also provided more training for new workers. The lowest functioning cluster of agencies had about *twice as many recurrences of abuse or neglect*. This study points to system issues, such as caseworker stress, burnout, and turnover, that are related to better agency functioning and reduced child maltreatment and that can be improved by policy makers and administrators.

Regarding the issue of caseworker burnout, Light (2003) conducted a national random-sample survey of 1200 frontline child care, child welfare, employment and training, juvenile justice, and youth service workers, finding that over 75% described their work as frustrating, 51% felt unappreciated, and 42% estimated that 1 out of every 10 of their coworkers was not doing his or her job well. “These data suggest that the frontline human services workforce is at risk of burnout, high turnover, and poor performance. An interrelated set of individual and organizational issues—including poor or lack of training and advanced education, and inadequate compensation and career advancement opportunities—contribute to what has been described as a state of crisis in

the human services workforce” (Harvard Family Research Project, 2006, and The Annie E. Casey Foundation, 2003). As mentioned earlier, however, it is not clear whether these working conditions are common in California.

The research literature generally indicates that caseworker burnout and turnover have negative effects on child outcomes (Ryan, Garnier, Zyphur, & Zhai, 2006). High turnover rates, often attributed to low pay, poor working conditions, and bureaucratic constraints, interfere with the provision of timely child and family services (General Accounting Office, 1995). Shapiro (1976) reported that caseworker stability contributed to the likelihood of achieving family reunification: Children associated with only one caseworker were significantly more likely to be returned to the homes of their biological parents. Pardeck (1984, 1985) reported similar results and noted that caseworker turnover had its greatest effect in the first three years of child placement. (There is one interesting study with a different conclusion. Goerge, 1994, found that having multiple caseworkers look at a case record resulted in faster reunification.)

Ryan et al. (2006) conducted an even more recent study (although using cases that were initiated in 1995 and closed by 2004). They used administrative data from the Illinois Department of Children and Family Services. The sample included 5726 children entering a foster care placement (private boarding, specialized, or with a relative) for the first time between January 1, 1995 and December 31, 1995. Fifty-six percent were associated with a substantiated allegation of neglect, and 58% experienced at least three changes in placement. On average, the children were associated with 2.5 caseworkers, and 46% of the children were associated with at least 3 unique caseworkers. The

caseworker sample included 3877 workers associated with the 5726 children. Of the 3877 workers, 7% had an MSW degree.

Data analyses indicated that caseworker turnover *was* associated with a significant increase in length of stay in foster care (an undesirable outcome) and a significant decrease in the likelihood of achieving reunification (the decrease being another undesirable outcome). At the worker level, children associated with MSW-level caseworkers spent significantly less time (on average 5.15 months less time) in foster care compared with children not associated with an MSW-level caseworker. The authors concluded that “if child welfare systems are to improve child and family outcomes, the factors responsible for increasing rates of turnover in child welfare agencies must be addressed. Such issues include but are not limited to low salaries, *high caseloads* [our emphasis], administrative burdens, *lack of supervisory support* [our emphasis], and insufficient training opportunities (General Accounting Office, 2003). . . . The evidence also suggests that child welfare systems need to figure out strategies for recruiting and retaining employees with advanced degrees in social work” (pp. 1003-1004). Again, when considering California, it is unclear whether this is or is not already being accomplished.

In another report, the Children’s Bureau of the HHS (2004, “General Findings from the Federal Child and Family Services Reviews” <http://www.acf.hhs.gov/programs/cb/cwmonitoring/results/genfindings04/genfindings04.pdf>) examined how well states were complying with CFSR mandates. The report repeatedly mentioned high caseloads as a problem. For example:

Many states are encountering challenges in their efforts to provide services that are sufficient to meet the identified needs of children and their parents, involve parents and

children in the case planning process, and establish sufficient face-to-face contact between agency caseworkers and the children and parents in their caseloads. *Often the ability to address these challenges is hindered by the large caseloads carried by child welfare caseworkers.* (p. 11; our italics)

The report also mentioned that as states attempted to provide better services to children by hiring new caseworkers, problems were created by assigning them difficult caseloads before they were adequately trained. This lack of training was itself partly a consequence of “heavy caseloads” and “lack of funds to pay for additional training” (p. 14).

Statistical analyses provided in the report indicate that the *number of caseworker visits with a child* (a variable that is obviously affected by caseload) was strongly associated (across states) with (1) visits with the child’s parents, (2) providing services to prevent removal, (3) establishing appropriate permanency goals for the child in a timely manner, (4) achieving the permanency goals of reunification, guardianship, or permanent placement with relatives in a timely manner, (5) visits with parents and siblings while the child was in foster care, (6) seeking relatives as potential placement options, (7) meeting the child’s educational needs, and (8) meeting children’s physical and mental health needs. The report also shows that adequate supervision of caseworkers is an important ingredient in attaining PIP outcomes, as is “obtaining additional funding for new staff” and “engaging state legislatures.”

To determine whether staffing problems measurably affected child outcomes, Arkansas Advocates for Children and Families (2006) examined performance data from the child welfare system in the Arkansas DHHS from January 2005 through March 2006, focusing on child safety indicators and performance measures related to family preservation and reunification. This study is particularly interesting because it is so recent

and because it provides information about a state that is obviously not faring well in meeting federal standards. The authors summarized their results as follows:

These indicators worsened considerably in 2004. Since then, some have shown slight improvement, while others have leveled off and are no longer getting worse. Significant improvements still need to be made so that children and their families do not hang in limbo waiting for help. *DHHS began experiencing a staffing crisis for family service workers in 2004 which led many of these indicators to decline.* For much of 2005, the vacancy rate for family service workers positions hovered around 23 percent. It improved to 18 percent in December 2005, and to 16 percent in March 2006. However, *the performance indicators have not rebounded to levels seen before the staffing crisis.*

Key findings in the report include:

(1) The percent of victims seen by an investigator within 72 hours is still 68 percent as compared to 89 percent in 2000. (2) Only 47 percent of maltreatment assessments are concluded within 30 days after an allegation of maltreatment is made compared to 80 percent in 2000. (3) The initial staffing occurring within 30 days of a case opening happens in only 29 percent of the cases. And (4) the percentage of foster children receiving no monthly visits from caseworkers is 56 percent. This indicator continues to be poor even after DHHS changed the policy to reduce the number of home visits from weekly to monthly. As newly hired family service workers are trained, these indicators should improve. (Our italics; for details see <http://www.aecf.org/kidscount/kcnetwork/newsletter/documents/arkansas2006.pdf>.)

In a recent study of staff turnover in private social service agencies providing foster care and safety service for the Bureau of Milwaukee Child Welfare in Wisconsin, Flower, McDonald, and Sumski (2005) examined turnover among ongoing case managers and concluded that:

Turnover of staff remains problematic, impacts negatively the permanency outcomes of children in the system, and has high costs to the agencies and the system. Contributing factors . . . include low salary and benefits; perceived low regard for the work of ongoing staff . . . ; inadequate training and career opportunities; and an organizational and system culture that is perceived to be unsupportive and punitive. Major strategies recommended for addressing this problem include establishing a salary and benefit package for ongoing staff that reflects that of the BMCW intake and assessment staff, requiring full social work certification for all staff, upgrading training programs, targeting staff recruitment activities and the development of stronger agency-based quality improvement programs. (For details see <http://www.uky.edu/SocialWork/cswe/documents/turnoverstudy.pdf>.)

Unrau, Wells, and Hartnett (2004) examined the effects of innovations that increased the stability of contact between particular caseworkers and foster families in Peoria, Illinois. They describe a family-centered, needs-based foster care program named Promise and present an evaluation based on a comparison-group design.

Promise allowed for greater discretion among line-level workers to meet the unique service needs of families served, promoted greater team-oriented communication, and involved more foster family involvement than the comparison group. An initial statistical comparison revealed that foster children in the Promise group ( $n = 380$ ) *experienced greater stability in their caseworker assignment* and . . . greater placement stability over a 15-month period when compared to foster children served under the conventional model ( $n = 436$ ). [Moreover], only the caseworker continuity effect remained when further analysis was undertaken. (p. 20)

Regarding the value of continuous and high-quality interactions between caseworkers and clients, Lee and Ayón (2004) conducted a study in California:

(a) to find if there were associations between child welfare outcomes and the client-worker relationship and (b) to discover the predictors of a positive client-worker relationship. One hundred (55 Family Maintenance [FM] and 45 Family Preservation [FP]) clients were interviewed in English and Spanish. . . . A majority of the participants were Latino single mothers. Higher scores on the Relationship with Worker Instrument were correlated with better outcomes in discipline and emotional care of children ( $p < .01$ ). FP clients were more satisfied with their workers than routine FM participants ( $p < .01$ ). Ability to openly communicate ( $p < .001$ ), *frequency of visits* ( $p < .05$ ), and receipt of public assistance ( $p < .05$ ) were found to be predictors of good client-worker relationships. This assessment indicates that client-worker relationships and open communication matter. (p. 351)

The University of Illinois' Children and Family Research Center conducted a data-reanalysis study in 2004 to determine the causes of placement instability among foster care children in Illinois. (Approximately 40% of children in foster care in Illinois experienced three or more moves while in foster care during the period under study.) A re-analysis of findings from a 1999 study found that "child behavioral need" (i.e., poor conduct) was the most important reason for placement changes in unrelated foster homes. Forty-five percent of foster parents and nearly forty percent of caseworkers reported that

the foster home's inability to deal with the child's behavioral problems (e.g., physical aggression, property destruction, disobedience, and police involvement) was among the top two reasons for the placement's ending. Protective factors for placement stability were found to include formally placing children with relatives rather than non-related foster families, providing children with specialized foster care and therapy, and having foster parents who were empathetic and tolerant. *Of most interest here, several caseworker characteristics were identified as related to placement stability. The more time and attention a caseworker expended on a case, the more time spent with the family, the better the caseworker's rapport with the family, and the lower the caseworker turnover, the better the placement stability* (see <http://cfrcwww.social.uiuc.edu/LRpdfs/PlacementStability.LR.pdf>).

In 2004, summarizing research for the Committee on Children and Youth of the General Assembly of the State of Georgia, which was considering House Bill 1554 ("DFCS Safe Staffing," concerning caseload standards for social workers), Pamela Day, Director of Child Welfare Standards at the Child Welfare League of America, discussed why standards are needed and the importance of caseload standards (see Appendix E for her complete comments). The research she discussed showed that (1) strengths in such areas as family involvement and worker contact with children in foster care contributed significantly to achieving safety and permanency goals; (2) high workloads in New York had resulted in incomplete abuse and neglect investigations; (3) when caseloads were reduced in Idaho and Washington to no more than 10 children per worker, permanency for children was accomplished in a timely manner; (4) the more contact workers have with a client, the more successful workers are in reaching expected outcomes; and (5)

smaller caseloads are associated with better worker retention. Day also discussed Delaware's successful efforts to fund enough social worker positions to ensure that workers were retained and caseloads did not exceed numerical standards advocated by the CWLA.

Potter and Klein-Rothschild (2002) conducted a study of the multivariate predictors of timely permanency for children served by Colorado's Expedited Permanency Planning (EPP) project, which utilizes an intensive concurrent planning model aimed at reaching permanency within 12 months of initial placement for children aged 6 and younger. The authors found that children with medical conditions, young children, children without emotional and behavior conditions, and children who were not African American were most successfully placed within time limits. Of most relevance here, *permanency also was more likely in cases with low staff turnover and fewer placements, cases in which children were placed rather than served at home, and cases in which parents were given more opportunities for parental visitation.* Qualitative interviews with 22 child welfare and court personnel revealed several critical barriers to and supports for effective permanency planning: the need to prepare placement families for the ambiguity of the concurrent planning process, the court docket, *lack of time for case preparation*, and the competency of parties involved in the case.

Barrett and Hummer (2002) conducted a related study to identify individual, family, and systemic barriers to permanency for children in the Hillsborough County, Florida, dependency system. Data collected from interviews with stakeholders and a review of 126 case records revealed that children who remained in foster care for more than 12 months tended to have complex problems with a family history of child removal,

parental substance abuse, domestic violence, crime, and mental illness. *Systemic challenges included the lack of a coordinated response to families with multiple children, barriers to complying with timelines, staff turnover, and inadequate recordkeeping* – all problems related to high caseloads. Some of these difficulties were to be addressed by the Dependency Court Improvement Project. (For details see <http://www.childrensboard.org/downloads/PDF/court%20study%20ZZ.pdf>.)

Also in 2002, the Center for the Study of Social Policy in Washington, DC, and the Center for Community Partnership in Child Welfare (also in Washington) held a Congressional Child Welfare Summit to discuss “building a quality workforce to improve outcomes for children and families.” Their conclusions are relevant to the present report because they emphasize the importance of caseworker education and working conditions:

Research has found that the retention of child welfare workers is a key factor in the success of family preservation and reunification services. However, turnover in child welfare agencies is high because of low salaries, inadequate training and supervision, stress, and limited funding for new staff. This paper highlights promising practices intended to strengthen the child welfare workforce. Recommendations for federal law and policy also are suggested. The identified approaches are consistent with effective human resource management strategies that emphasize job satisfaction and professional development, as well as compensation. Initiatives include educational stipends and tuition reimbursement, student loan forgiveness, outcomes and competency-based performance appraisals, continuing education, compensation incentives, and job previewing. Although states can apply Title IV-E funding to some staff training events, the regulations do not allow expenses for training contractual service providers or instruction about services for families who are not eligible for Title IV-E. The federal government is urged to expand the reimbursement categories of Title IV-E funds, implement a loan forgiveness program for qualified students, and provide technical support for human resource management. (For details see <http://www.cssp.org/uploadFiles/paper3.doc>.)

Rycus, Freundlich, Hughes, Keefer, and Oakes (2006) reviewed the extensive literature (including 71 references) concerning “barriers to adoption success.” Some of the barriers had to do with social service issues of concern here, and in general the review does an excellent job of indicating why social caseworkers’ time and education matter.

We quote extended excerpts, despite their length, because this is an unusually thorough and recent overview, and it reminds us of the difficulties one encounters in working with difficult-to-adopt children:

Barriers in the child welfare system include . . . discontinuities in services to both children and adoptive families due to *high rates of staff turnover in child welfare agencies* (Berry, 1997; McRoy, 1999) and a widespread lack of coordination between child welfare agencies and their corresponding juvenile or family courts (Pew Commission on Children in Foster Care, 2004; Macomber et al., 2004; Children and Family Research Center, 2004). . . . Even though identifying, assessing, and preparing adoptive families are the shared responsibilities of child welfare agencies and their community partners, barriers exist within many child welfare agencies that impede this process (Rycus & Hughes, 1998). Some agencies lack specialized adoption units, and caseworkers often lack the necessary skills and experience to perform adoption-related functions. Many agencies lack the resources and skill to conduct sophisticated outreach, marketing, public relations, and community education programs. Some also lack the capacity to fully assess, train, and prepare families who respond to recruitment activities (Rycus & Hughes, 1998). . . .

Many of the general staffing problems that plague child welfare agencies, such as *chronic understaffing* and *high rates of staff turnover*, also impact permanency outcomes for children in care. Macomber et al. (2004) identified a variety of conditions at all phases of child welfare case management that delay permanence. For example, conducting diligent searches for absent biological parents *may not begin early enough* in the case management process. Similarly, many agencies fail to implement *concurrent case planning* (in which alternative permanency options are explored while simultaneously working to promote reunification) and, instead, wait until it is certain that reunification will not occur before beginning adoption planning. Delays are also noted in the transfer of cases within agencies from ongoing caseworkers to adoption caseworkers. . . . *High levels of staff turnover* also appear to impact outcomes for adoptive families after placement. Berry (1997) and McRoy (1999) determined that discontinuities in casework services, brought about by frequent changes in caseworkers and shared casework responsibility by more than one agency, were associated with higher rates of adoption disruption and dissolution. . . . Macomber et al. (2004) cited delays in conducting TPR hearings as one of the top five barriers to permanence. Terminating parental rights requires close collaboration and communication between child welfare agencies and courts, particularly around decisions to terminate parental rights. (Excerpted from pp. 215-218; our italics throughout.)

Finally, in addition to considering research by academic and policy research ‘outsiders’, we might consider the views of caseworkers themselves. In a strong statement in 1999, Richard Bermack wrote the following:

A critical shortage of social workers is resulting in a range of problems for California welfare departments trying to meet mandatory placement demands. This article explores a number of reasons union workers are leaving for jobs with private agencies or retiring. *Shorter child placement time limits and poor staff retention have resulted in much heavier caseloads, which perpetuates and exacerbates the problem.* As more workers retire or quit for mental and physical reasons due to the demands of the job, *caseloads for staff workers are increased.* Interviews with members of one union local cite too few workers, poor worker retention, and *unrealistically high workloads* as significant problems affecting their ability to perform their job. Clients, children, and families are also suffering, as workers find they have less time to dedicate to any one case. Reunification and placement requirements also contribute to the problem, and workers are critical of the way their opinions and complaints are dismissed by judges and others in the court system, even as they are required to spend more time participating in legal proceedings. Many other problems with California's public sector welfare workforce are highlighted in personal interviews with workers at all levels of the state system. (See <http://www.rb68.com/socialwork/meltdown.pdf>.)

It is not clear how accurately that statement describes today's social service workers and the child outcomes of their efforts in California, as we showed by excerpting the LAO report and the CalSWEC study. At the moment, California seems to be straining its caseworkers but not yet to the point that they are quitting in the large numbers seen in several other states. (Of course we are not advocating that California wait and allow itself to reach that point.)

### **California Demographic Issues**

In one of our previous reports we computed the correlations across California counties, for the years 2000 through 2003, between the percentage of children in poverty and the percentage of particular ethnic groups in each county. (We have reproduced these analyses in Appendix F of the present report.) In the year 2002, for example, the correlation, across counties, between percentage of children in poverty and percentage of Whites was  $-.36$  ( $p < .01$ ). (See Table 2, reproduced in Appendix F.) The correlations for Asians ( $-.20$ ) and Pacific Islanders ( $-.32$ ) were also negative. But the correlation between percentage of children in poverty and percentage of Hispanics was  $+.46$  ( $p < .01$ ).

Because it seemed likely that different ethnic groups might have different numbers and age distributions of children, which in turn might affect child welfare planning and service delivery, we examined the association between children's age distribution and ethnicity in selected counties. Table 4 in Appendix F shows the results. In Los Angeles county, for example, Whites have more children in the 12-17 age group (197,113) than in the 0-5 group (161,176), as do Blacks (94,488 and 68,188, respectively), but Hispanics have more in the 0-5 age group (562,742) than in the 12-17 group (497,176). Thus, in counties where the number of Hispanic families is increasing, the child welfare needs may also be increasing in future years. This might be an important factor to consider when planning for the future, especially to the extent that it implies a need for more Spanish speaking and culturally sensitive case workers.

Table 4 in Appendix F also presents information for each county on the child population per age group (0-4 years, 5-9 years, 10-14 years, 15-19 years). The data are for the year 2005. Although a number of counties have more children in the upper age range (15-19 years), those counties with high Hispanic populations tend to have the highest number of children in the lowest age range (0-4 years).

Since completing that report and giving a brief presentation on it to the Work Group, we added child welfare outcome statistics to the data file (taking them from the UC Berkeley website) and ran some analyses for the years 2000 and 2003. In line with published studies from around the country, percentage of children in poverty in a county correlated significantly with rate of new entries into foster care in both 2000 ( $r = .52, p < .001$ ) and 2003 ( $r = .33, p < .001$ ). Similarly, the overall percentage of children already in foster care in a county correlated significantly with percentage of children in poverty in

both 2000 ( $r = .58, p < .001$ ) and 2003 ( $r = .34, p < .001$ ). The percentage of children in poverty was also related significantly to abuse recurrence in 2000 ( $r = .39, p < .001$ ).

The percentage of Whites in a county's population was related positively in 2000 to the percentage of children in that county who were in foster care ( $r = .32, p < .05$ ) and to the rate of recurrence of abuse ( $r = .26, p < .05$ ). The parallel correlations for percentage of Hispanics in a county's population were (surprisingly to us) negative, although not statistically significant ( $r$ 's =  $-.23$  and  $-.18$ , respectively). In order to see what would happen when both percentage in poverty and percentage Hispanic (which are positively correlated,  $r = .39, p < .001$ , as we would expect) were used simultaneously to predict percentage of children who were in foster care in 2000, we ran a multiple regression analysis. The beta coefficient for poverty was  $.78$  ( $p < .001$ ) and the beta coefficient for percent Hispanic was  $-.53$  ( $p < .001$ ). This result suggests that the rate of entry of Hispanic children into foster care is *lower* than would be expected from poverty level alone. (The findings from parallel analyses using percentage of Whites in a county produced the opposite pattern. That is, although poverty still predicted entry into the foster care system and recurrence of abuse, percentage of Whites in a county also independently predicted a *higher* rate of foster care and recurrence of abuse – the reverse of the pattern for percentage of Hispanics in a county.)

We need to do much more work to understand these results (for example, we do not know whether they imply less abuse and family disruption among Hispanics or less help from social services for Hispanics), but in the context of the present report, the analyses are sufficient to show that the use of demographic variables might be useful in predicting trends in the need for child welfare services in different counties.

### **Comparison of Selected States: Demographic and Budgeting Issues**

We were asked to collect basic demographic information on selected states whose child welfare budgeting and services might be relevant to California. The following tables summarize most of this information.

Table 2 (on the next page) shows the size of the population of California in 2005, as well as the sizes of 13 comparison states. The table also shows the percentage of the populations in those states in each of three major racial/ethnic groups: White, Black, and Hispanic/Latino. It shows the percentage of each population that is under 5 years of age and each state's ranking in terms of percentage of families in poverty, percentage of individuals in poverty, and rank in terms of poverty. In many respects, Texas is the most comparable to California by virtue of being the next-largest state and having a Hispanic/Latino percentage of 35.5%, which is identical to California's.

Not shown in the table, but important, is the fact that California and Texas are two of the most rapidly growing states, partly due to immigration. An important difference is that Texas is the sixth poorest state (per capita), whereas California is the 21<sup>st</sup>. New York, Florida, Illinois, and Pennsylvania are other large states, but none has an ethnic composition similar to California and Texas. Other states that were of interest to the Stakeholders Work Group because, like California, they have county child welfare budgeting systems are quite different from California in other respects.

**Table 2. Demographic Characteristics of Selected States in 2005 (According to the US Census Bureau)**

Selected States	Population	Percent White	Percent Black	Percent Hispanic	Percent Under 5 Years of Age	Percent Poverty (F/I/Rank)*
California	35,278,768	60.9	6.1	35.5	7.6	10.3/13.3/21
Colorado	4,562,244	83.5	3.6	19.5	7.4	8.3/11.1/36
Florida	17,382,511	76.8	15.0	19.6	6.4	9.7/12.8/25
Illinois	12,440,351	72.2	14.5	14.5	7.2	9.2/12.0/29
Maryland	5,461,318	61.5	28.7	5.8	7.0	6.0/8.2/50
Michigan	9,865,583	80.0	14.0	3.8	6.6	9.9/13.2/23
Minnesota	4,989,848	88.0	4.1	3.6	6.8	6.1/9.2/47
Nevada	2,381,281	76.1	7.2	22.7	7.3	8.9/11.1/36
New Jersey	8,521,427	69.9	13.3	15.3	6.8	6.8/8.7/48
New York	18,655,275	67.1	15.3	16.2	6.7	11.1/13.8/19
Ohio	11,155,606	85.3	11.5	2.3	6.6	9.9/13.0/24
Oregon	3,560,109	86.8	1.6	9.9	6.3	10.1/14.1/17
Pennsylvania	11,979,147	84.6	10.1	4.0	6.1	8.6/11.9/30
Texas	22,270,165	71.9	11.0	35.5	8.4	14.2/17.6/6

\*Note: F = percent families in poverty; I = percent individuals in poverty; R = poverty ranking among states (where low numbers mean more poverty)

Table 3 (on the next page) shows the percentage of each state’s children, by age and racial/ethnic group, who are living in poverty. The main findings of interest are that proportionally fewer white children are poor in every state, and from 25 to 35 percent of minority children in California and Texas are living in poverty.

**Table 3. Percent of Children Living in Poverty**

<b>Selected States</b>	<b>Under age 18</b>	<b>Under age 6</b>	<b>Age 6 and over</b>	<b>White children</b>	<b>Black Children</b>	<b>Hispanic children</b>	<b>Asian children</b>
California	19	21	18	9	30	27	9
Colorado	13	13	12	5	NA	27	NA
Florida	17	19	16	10	33	20	NA
Illinois	17	17	17	9	42	20	NA
Maryland	12	13	11	6	21	NA	NA
Michigan	17	21	15	11	38	25	NA
Minnesota	10	10	9	6	42	19	NA
Nevada	14	14	14	8	37	19	NA
New Jersey	9	12	8	4	20	20	NA
New York	21	21	20	11	35	34	18
Ohio	17	23	14	11	43	26	NA
Oregon	18	23	15	14	NA	37	NA
Pennsylvania	17	18	16	11	40	32	NA
Texas	23	26	21	8	29	35	NA

**Source:** National Center for Children in Poverty. Data were averaged from 2004, 2005, and 2006, representing information from calendar years 2003, 2004, and 2005 because of small sample sizes in less populated states.

**Poor:** Families and children are defined as poor if family income is below the federal poverty threshold. The poverty threshold for a family of four with two children was \$20,000 in 2006, \$19,350 in 2005 and \$18,850 in 2004.

**Child:** A child is defined as an individual under the age of 18. Children living independently, living with a spouse, living in group quarters, and children ages 14 and under living with only unrelated adults are excluded from these data.

**NA:** Not available.

**Table 4. Number of Children in Foster Care**

<b>Selected States</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
California	112,807	107,168	100,451	97,261
Colorado	7,533	7,138	9,209	8,754
Florida	36,608	32,477	31,963	30,677
Illinois	29,565	28,202	24,344	21,608
Maryland	13,113	12,564	12,026	11,521
Michigan	20,034	20,896	21,251	21,376
Minnesota	8,530	8,167	8,052	7,338
Nevada	1,615	2,959	3,291	3,599
New Jersey	9,794	10,666	11,442	12,801
New York	47,118	43,365	40,753	37,067
Ohio	20,365	21,584	21,038	19,323
Oregon	9,193	8,966	9,101	9,381
Pennsylvania	21,631	21,319	21,410	21,768
Texas	18,190	19,739	21,353	22,191

Table 4, above, shows the number of children in foster care in the various states during the years 2000-2003. The number is going down in several of the states, including California, but going up in Colorado, Michigan, Nevada, New Jersey, and Texas (among others). This makes it unclear how relevant some of the other states' practices are to California; it is difficult to argue that "best practices" are "best" in states that have rising numbers of children in foster care during a period in history when the federal government and most child welfare professionals agree that it is better to avoid foster care or move children out of foster care as quickly as possible.

Table 5, on the next page, shows data concerning child maltreatment and fatalities in the years 2000-2003. The numbers have been going down in California (and some other states) but going up elsewhere (e.g., Colorado, Florida, and especially Texas), again

making it questionable whether California should model itself on practices in states with a rising child mortality rate.

**Table 5. Child Maltreatment Data**

Selected States	2000		2001		2002		2003	
	Total victims	Child fatalities						
California	129,678	53	128,251	0	132,181	-	106,198	-
Colorado	7,467	31	4,837	20	7,570	25	8,137	27
Florida	95,849	65	124,134	91	122,131	97	138,499	101
Illinois	31,447	76	27,557	79	28,160	70	28,344	61
Maryland	-	-	19,750	27	15,843	-	16,688	27
Michigan	26,680	49	28,475	-	28,830	-	28,690	-
Minnesota	11,824	21	9,840	16	9,982	16	9,230	15
Nevada	5,775	3	4,939	4	5,008	3	4,578	3
New Jersey	8,826	38	8,536	35	8,103	22	8,123	34
New York	74,065	79	77,860	78	79,049	68	75,784	62
Ohio	54,084	58	51,031	80	50,141	72	47,444	68
Oregon	11,381	21	9,011	8	9,228	21	10,368	14
Pennsylvania	5,002	38	4,784	48	5,057	49	4,571	46
Texas	45,800	177	44,623	206	48,808	206	50,522	203

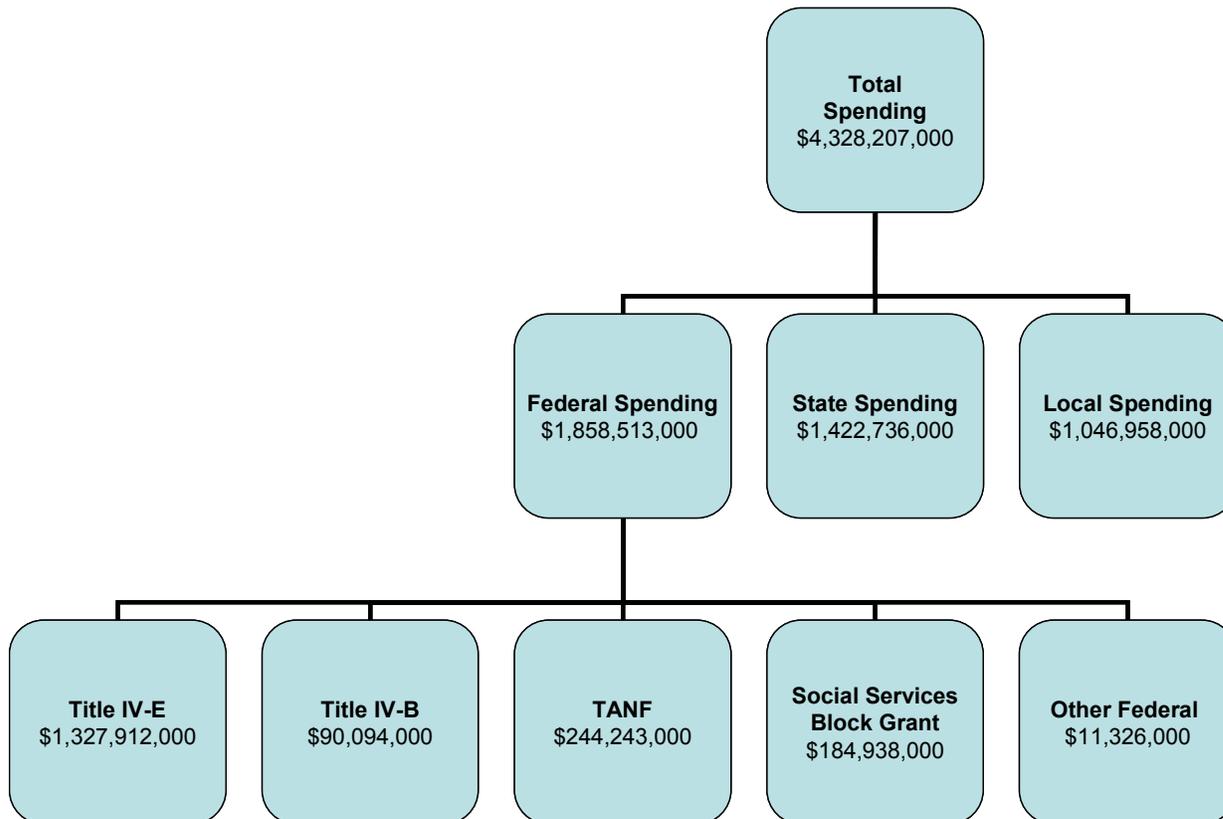
Child Victim: a child who is the subject of a substantiated or indicated maltreatment report.

With these facts as background, we can consider child welfare funding issues in some of these states, beginning briefly with California.

**CALIFORNIA** (based on information provided to the Stakeholders Work Group on October 19, 2006; see Appendix G)

The overall budget figures for California are shown on the next page. A brief description of California's budget methodology appears below the diagram.

## California Child Welfare Services Spending in 2004



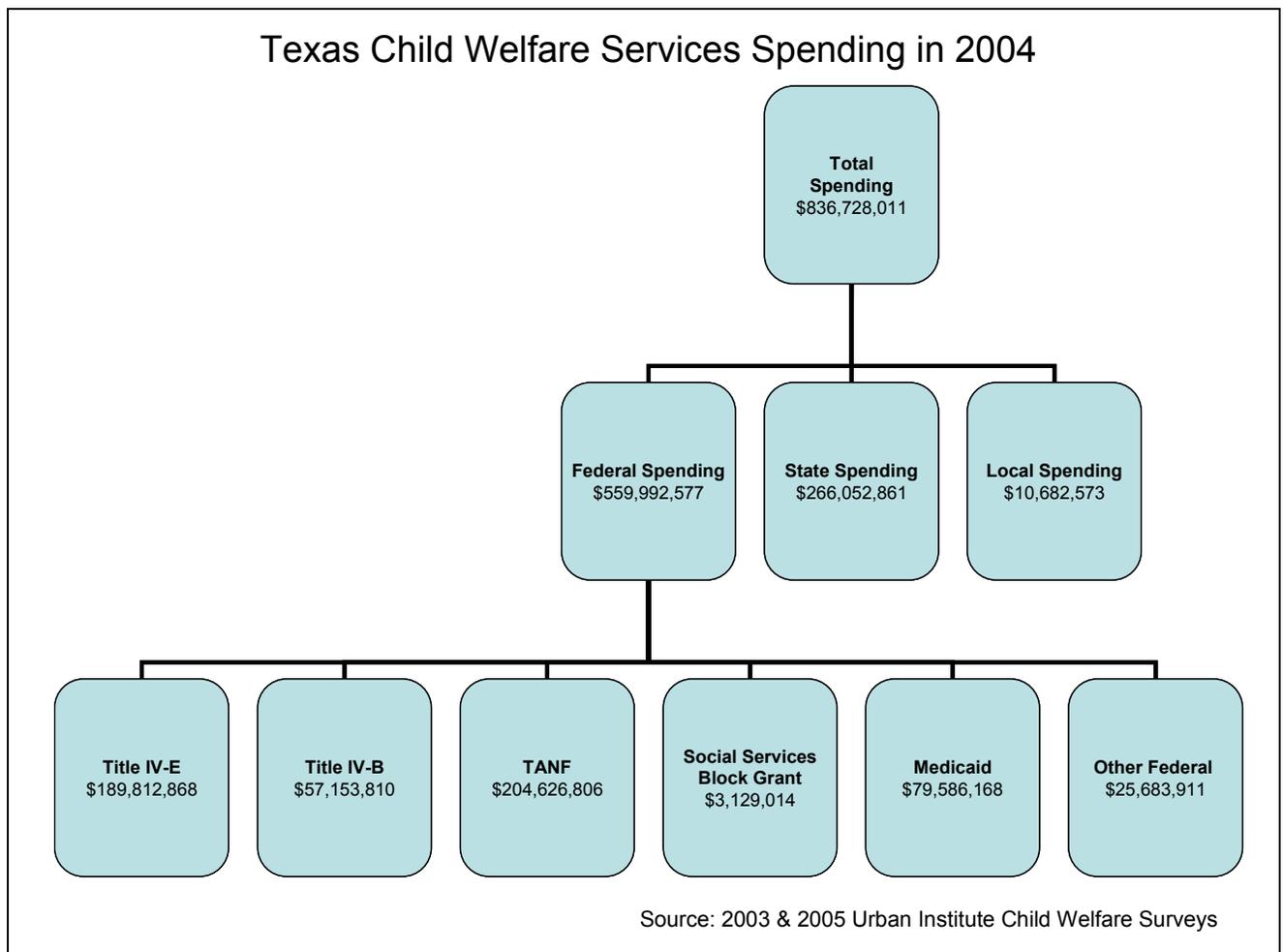
Source: 2003 & 2005 Urban Institute Child Welfare Surveys

- The CWS has been under federal pressure for failing to pass its CFSR. It has been moving toward better monitoring of outcomes and more outcome-oriented provision of services. Part of the difficulty stemmed from high caseloads (ranging from around 16 to 54, according to the S.B. 2030 study, depending on kinds of cases).
- The CWS Basic budget is built using social worker unit costs multiplied by the number of justified full-time equivalents (FTEs) and applying the hold harmless rule (no county is funded below its prior year justified FTE level).
- Direct costs, county operated shelter costs, emergency assistance costs, and Title IV-B funds are then added in.
- Historically, the CWS Basic social worker unit cost was based on the Proposed County Administrative Budget (PCAB) process. The last PCAB process was in FY 2001-02 and was used to establish the base unit cost for budgeting purposes. The social worker unit cost has remained the same since 2001-02. As explained earlier in this report, however, the LAO budget analyst's report in 2005 emphasized that CWS had received augmented funding, benefited from the "hold harmless" policy, and so on.

- The amount budgeted for CWS Basic in FY 2006-07 is \$1.3 billion (\$436 million general fund). The amount budgeted for all other CWS programs is \$1.1 billion (\$350 million general fund).

**TEXAS** (based on information provided on the website of the Texas Department of Protective and Regulatory Services)

The overall budget figures for Texas are shown below. A brief description of the Texas budget methodology appears below the diagram.



- The Department was reorganized a few years ago, consolidating many previously separate agencies. The State is under pressure from the federal government for not passing its CFSR. High caseloads were among the problems identified in the CFSR (see below), and Texas is attempting to solve that problem by a combination of increased funding and use of private service contracts. Texas is reportedly attempting to achieve a caseload among the government social service workers of 25.9, which is

lower than California's (as far as we can tell) but higher than 2030 or CWLA standards. Texas does not have a county system, so there is nothing like a PCAB process at the lower level of the Texas child welfare system.

- The Basic Budget seems to depend mostly on social worker unit costs, direct costs, and Title IV-B funds, as in California.
- Budgeting is done on a biennial planning basis and begins with the amounts provided in the preceding 2-year period. The requested amount is affected by documented demographic trends (e.g., recent and projected growth in the child population, recent immigration and immigrants' family sizes). (The population of Texas is growing at around 11% per year, and a sizeable part of this growth is due to Mexican immigration. In Texas, the same agency also handles services to the elderly, so the budgeting process takes the elderly population's needs into account.) The requested amount is also based on special arguments for augmentation in certain categories. These arguments are made in writing and explained in meetings with the relevant legislative committees. (We provide examples in Appendix H.)
- Some services are contracted to private agencies based on competitive bidding. Clear outcome targets are specified in the contracts, and financial punishments for failure to reach the targets are specified. Service providers who do not meet outcome targets do not receive full compensation.

Texas put together its Program Improvement Plan (PIP) in 2003. In the plan, they discuss both "areas of strength" and "challenges" or areas needing improvement (see Appendix I). The strengths include their statewide information system, their case review system, the state's quality assurance system, its staff and provider training programs, and its "service array and resource management," its agency responsiveness to community (i.e., communication and cooperation with all stakeholders), its foster and adoptive home licensing recruitment and approval processes (e.g., criminal background checks), its risk-assessment procedures, and two of the data indicators associated with permanency: re-entry into foster care and length of time to adoption. The three main challenges requiring improvement were: (1) *caseworker turnover and retention*, (2) need for additional placement resources, and (3) timely family reunification.

Regarding the second challenge, the Department of Protective and Regulatory Services said:

As evidenced by the surging increase in children in foster care are waiting for adoption, Texas resources cannot meet the increasing demand for homes. There insufficient resources for the number of large sibling groups needing to remain connected through close or same placements. . . . Placements for children needing exceptional care are in high demand. Caseworkers tell “horror stories” of making literally hundreds of calls attempting to secure a placement for a special needs, medically fragile child. . . . Results of the lack of sufficient placement resources are seen in the failure of CPS to achieve substantial compliance on the data indicator associated with the number of placement changes. (p. 12; see Appendix I)

In their request for state funds for the 2004-2005 fiscal year, the DFPS asked for additional funds to avoid an *increase in caseload* (see details in Appendix H). We quote an example here to make the point:

[Regarding the state’s proposed cut in caseworker FTEs] A decrease of 240 FTE directly impacts the safety and well-being of children. Reports of abuse and neglect, and the mandate of the DFPS to investigate, have not changed. Caseloads for investigation caseworkers would increase. The thoroughness of the investigations would be compromised. Children with less severe abuse or risk would become a lower priority for protection services. Some children experience may experience repeated abuse. Backlogged investigations, premature case closure, and inadequate assessment of risk may result.

This example shows that (a) the issue of caseloads is prominent in Texas, as it is in California, and (b) the budgeting process seems to include pleading each special issue. It is not clear that outcomes enter the negotiation process in any clear way, although they affect contracts for private services. We contacted Donald Baumann at the Texas Department of Family and Protective Services, who said, “We gather Child and Family Service Review data on an ongoing basis and, of course, provide data on the federal indicators. I am not aware of any attempt to tie these measures to budgetary changes but would be happy to talk with you further about this.”

Within Appendix H, we show examples of the DPRS's attempt to communicate its needs to the Texas State Legislature in 2004-2005. The following excerpt explains aspects of their budget:

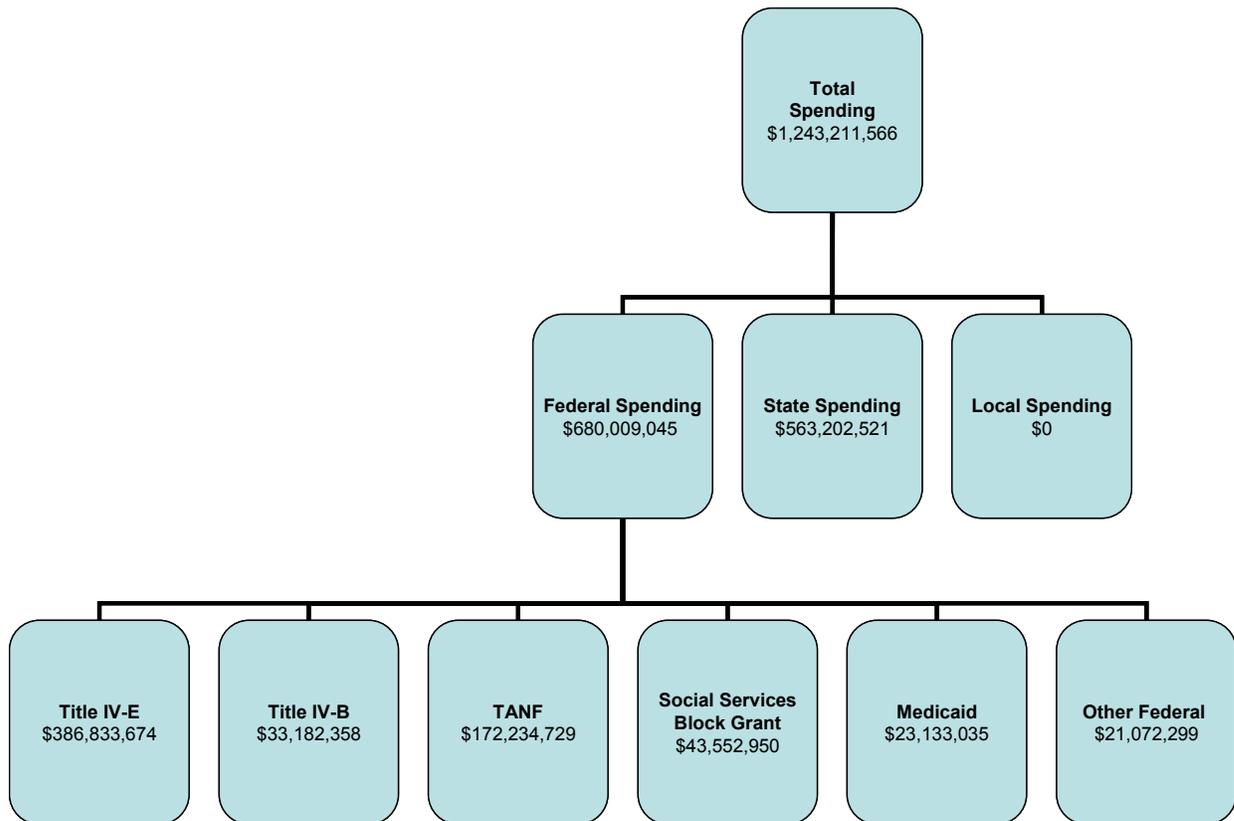
(1)The agency was asked to identify core functions and essential services with an Initial Relevant General Revenue Amount (IRGRA) of \$454,596,795 for the biennium. Within that amount, the agency was also given Temporary Assistance for Needy Families (TANF) funding not to exceed \$364,060,352 for the biennium. Every attempt was made to leverage available state resources with federal matching dollars. (2) PRS allocated a pro rata share of the General Revenue to the two largest sections of the budget, program delivery and foster care/adoption subsidy. (3) The agency established priorities based on PRS as the primary source of protection to children, the elderly and persons with disability. However, almost all services received a reduction. (4) Within each program service provided by PRS, direct delivery was prioritized first, followed by purchased services and program support and training. Agency administrative services were prioritized last. (5) Within foster care/adoption subsidy, PRS assumed no reduction in the number of children served.

In the context of this account, it might be worth noting that in the same document they report that *the turnover rate among their caseworkers has been above 25% every year since 2000*, making it questionable whether they should serve as a model for California.

**ILLINOIS** (based on information provided on the website of the Illinois Department of Child and Family Services)

The overall funding picture for child welfare in the State of Illinois is shown on the next page. The most interesting thing about Illinois is that it has moved from being a child welfare disaster area to a supposed “gold standard” (see long quoted passages below the figure).

## Illinois Child Welfare Services Spending in 2004



Source: 2003 & 2005 Urban Institute Child Welfare Surveys

The changes are nicely documented by Testa et al. (2005; reproduced in Appendix J in the present report). We will quote them at length because they explain in straightforward terms what Illinois has done:

There has been upward progress since 1998 in most areas as measured by statistical outcome indicators. Illinois shows continuing improvement, with only a few exceptions and warning signs. As a result, Illinois is now credited with having set a “gold standard” for child reform for the rest of the country, as explained by Price (2005) in an article in *The CQ Researcher*: “Three times, the Illinois Children and Family Services Department took Joseph Wallace away from his mentally ill mother, and three times the youngster was returned to her. There was no fourth time, because on April 19, 1993, she tied an extension cord around the 3-year-old’s neck and hanged him from a transom in their Chicago apartment. Early the next year, Chicago police discovered 19 children living in a squalid, two-bedroom apartment with a half-dozen adults. Again the department knew about six of the children but had left them with their mothers. Although the tragedies were only tiny tips of an enormous iceberg of bureaucratic failure, they

shined a media spotlight on the Illinois child welfare system and outraged the public. In the end, they spurred dramatic reforms in the system, making it a font of successful innovation.... They've addressed preventing kids from coming into foster care in the first place, as well as strengthening reunification for children who return home safely and strengthening alternative forms of permanency through subsidized guardianship and adoption. Sue Badeau, deputy director of the Pew Commission on Foster Care, says the system is now the "gold standard" of child care... The Illinois system was "sort of average" in the 1980s, became "a mess" by the mid-1990s and now is one of the best, says Jill Duerr Berrick, associate dean of the School of Social Welfare at the University of California, Berkeley. "We've seen tremendous innovation coming out of Illinois. The Illinois system has not achieved perfection," Berrick says, "but it's certainly made a remarkable turnaround" (pp. 356-357).

Reconciling this expert assessment of the Illinois system, however, with the results of the recently completed federal Child and Family Services Review (CFSR), which enumerated Illinois among sixteen states that *did not meet any of the seven federal standards used to assess state child welfare performance*, requires explanation. The major problem, as child welfare officials and researchers have amply documented, is that the statistical yardstick the federal government uses to benchmark and measure performance seriously distorts trend lines and hampers the ability to accurately track change.

The turnabout in Illinois' performance can be linked to reforms initiated in 1995. At this time, the state registered the highest per-capita rate of out-of-home placement in the nation—17.1 per 1000 children under age 18. The problem largely arose from policies adopted in the late 1980s to address the protection and care of children living apart from their parents in the homes of relatives. Between 1985 and 1995, the number of children in state custody rose at an average annual rate of 13% from 13,850 to 49,000 children. The rapid build-up of children in "out-of-home care" reflected a peculiar bent in Illinois policy that permitted and encouraged the taking into public custody of children who were living informally with extended kin.

Many of these children had been left voluntarily in the custody of kin by birth parents who made private arrangements with extended family members to look after the children until the parents could get back on their feet. As these informal arrangements lengthened into months and sometimes years because of parental drug addiction or continued absence, the relatives (mostly grandparents) eventually ran into legal difficulties when it came time to enroll the children in school or to obtain medical treatment. Because they lacked formal legal authority to consent on the children's behalf, many were counseled to seek assistance by phoning in an allegation of parental neglect to DCFS. Because in most cases the legally responsible parent was absent from the home, DCFS investigators could indicate the child for lack of supervision (by the parent) under the definition of neglect in effect at the time. Once indicated, state attorneys could exercise their discretion to screen these children into state custody. In many of these so-called "grandmother cases," the child was retained in the custody of the relative who had made the "hotline" call.

In this way, most of this growth in foster care between 1985 and 1995 was accommodated by the placement of children with kin, which grew at an average annual

rate of 22% from 3,690 to 27,070 children. Addressing the rapid build-up of children in kinship foster care required a more nuanced approach to handling the needs of children in informal kinship care. So in 1995, DCFS proposed and the General Assembly passed sweeping Home of Relative (HMR) Reform legislation that changed the way the state dealt with relatives in two important ways: (1) DCFS stopped taking into foster care those children in pre-existing kinship care arrangements where no safety concerns existed. Instead, it offered alternative Extended Family Support services to grandparents, aunts and uncles to help stabilize these informal kinship arrangements; and (2) DCFS implemented a single foster home licensing system in which relatives are eligible to participate if they apply and meet the standards. The Department continued to place children in non-licensed kinship care if the home passed basic safety and criminal checks. Children in these homes are supported at 100 percent of the IV-A (AFDC) “child only” standard of need. *As a result of HMR Reform, the number of children indicated for lack of (parental) supervision (many of whom were living safely with kin) dropped and intake into DCFS custody sharply declined.* Although the runaway growth in foster care intake was curtailed, changes at the front door were not enough to “right size” the system. Children were staying far too long in the custody of the state. The median length of time in out-of-home care had lengthened from 10 months for children entering foster care in 1985 to 46 months for those entering care in 1994. Research commissioned by the Department showed, however, that many of these children were, for all practical purposes, “already home.” Reunification had been ruled out, and many of the children in relative care had been living since birth with their extended family. The state’s challenge was converting these stable substitute care arrangements into legally permanent homes. (Testa et al., 2005, pp. 3-4, our italics)

In 1992, DCFS entered into the Reid Consent Decree that effectively closed off guardianship and kinship custody as discharge options. The implementation of HMR Reform in 1995 reduced the intake of children into kinship foster care but did not impact the large backlog of children in long-term state custody. Follow-up legislative changes (“Permanency Initiative”), the federal subsidized guardianship waiver demonstration, and performance contracting promoted the discharge of foster children to permanent homes. As a result, the number of foster children in state custody declined from a peak of 52,000 to under 18,000 today. (Testa et al., 2005, p. 5)

The recent state welfare budgets for Illinois are shown in Appendix K. The overall budget has increased from \$1.268 billion in FY 2005 to \$1.290 billion in FY 2006 to a recommended figure of \$1.309 billion for FY 2007. (We were not able to determine whether this recommendation was accepted.) The headcount of caseworkers rose from 3,278.5 in FY 2005 to a recommended 3,420 for FY 2007, indicating that in addition to changing ways of paying children’s relatives to serve as permanent caregivers, Illinois also increased its child welfare workforce. The 1994 Reid consent decree that triggered

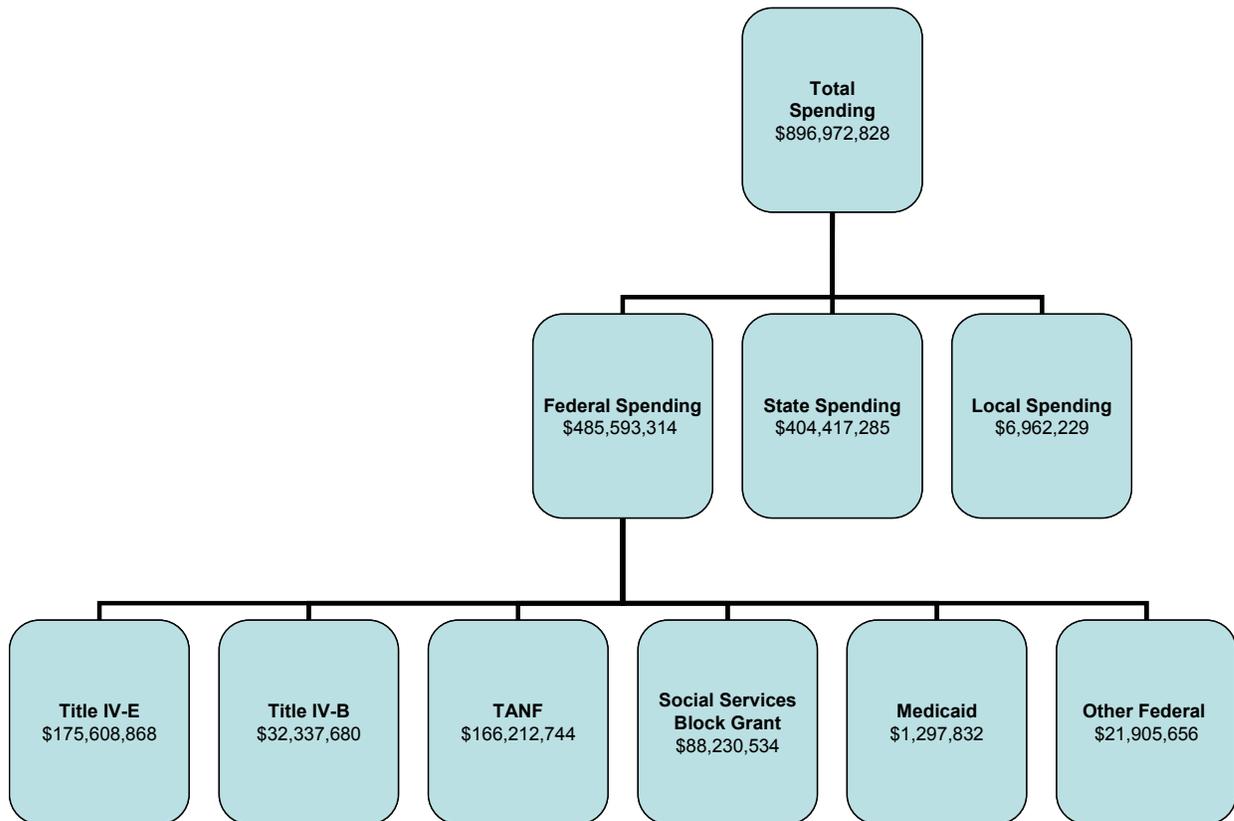
changes in 1995 mandated a cases-to-caseworker workload of 25:1 or less. At present, the load is actually around 15:1 for placement caseworkers and less than 12:1 for investigative caseworkers (Bernadette McCarthy, personal communication). Also evident in the Testa et al. (2005) article (see our Appendix J) is that Illinois has improved its electronic record-keeping and is closely monitoring outcome measures, like every state that has failed its CFSR and/or been subjected to a consent decree.

Illinois has also been innovative in redesigning intervention efforts to target the front end of the abuse/neglect, intervention/removal process. These innovations and the legislation that supported them are reviewed briefly in Appendix L.

**FLORIDA** (information taken from the website of the Florida Department of Children and Families)

The overall funding picture for child welfare in the State of Florida is shown on the next page. Florida is interesting with respect to comparisons with California because it has a county welfare system and involves extensive use of private (“community based”) foster care services. Appendix M includes an interesting and informative analysis of recent improvements and continuing problems in Florida’s child welfare system. It explains some of the remaining problems with privatization, including the difficulty of using federal funds for privatized foster care. The report also shows that Florida is probably behind California in instituting an electronic monitoring system that would allow careful monitoring of successes and failures following program innovations.

## Florida Child Welfare Services Spending in 2004



Source: 2003 & 2005 Urban Institute Child Welfare Surveys

Another, very recent report (June 2006), is contained in Appendix N. For our purposes, one of the most interesting sections, excerpted below, deals with continuing complaints about poor communication with caseworkers, *overly high caseloads in some parts of the state*, and information about measured associations between lower caseloads and enhanced agency performance. We quote from the document at length because it reveals that *privatization has resulted in lower caseworker salaries and higher turnover*, indicating that this is not a “best practice” in comparison with California’s system. It is interesting to know that this has happened despite the Florida Legislature’s intention to improve the relations between caseworkers and clients: Section 20.19(5), F.S., directed

that caseloads should not exceed the Child Welfare League of America standards (12 to 15 children per caseworker) by more than two cases.

While caseloads and case manager vacancy rates are lower after the transition to community-based care, case manager turnover rates are slightly higher. Lead agencies are offering lower case manager starting salaries than did the department, and benefits are not as comprehensive.

Case managers working for community-based agencies have considerably lower caseloads than under the state-operated child welfare system. Manageable caseloads allow case managers to have more interaction with children, achieve permanency [quicker], and decrease the chances of children being injured or missing. Since Fiscal Year 1998-99, the average caseload statewide has dropped by an average of 11 children, from 35 to 24. However, as of December 2005 only two lead agencies were meeting the statutory caseload guideline of 14 to 17 children per case manager; average caseloads ranged from 16 to 38 children.

Lead agencies reported employing various strategies to reduce their caseloads, including implementing prevention services to keep families from unnecessarily entering the child welfare system. Also, we found a correlation between lead agency funding per child and caseloads, likely reflecting the ability of agencies with higher funding to employ more case managers and provide more prevention and in-home services for families. *[As you can see in the original authors' Appendix E of our Appendix N, the correlation between average case manager vacancies and the average agency caseload size was a high  $r = 0.61$ , indicating that caseload strongly affects ability to hire caseworkers in Florida.]*

Lead agencies subcontract with multiple case management organizations, which allows them to draw from a larger case manager workforce. Instead of working for a single agency (the Department of Children and Families), case managers are often employed by case management organizations with which lead agencies subcontract. Lead agencies that serve multiple counties tend to have higher vacancy rates. This may be due to difficulty in recruiting case managers in rural or more geographically diverse areas. Lead agencies with higher caseloads also tend to have higher vacancy rates, reflecting the need to transfer cases when positions are vacant.

Statewide case manager turnover in Fiscal Year 2004-05 was 31%, reflecting a slight increase since Fiscal Year 1998-99 when the Department had a 29% turnover rate for these positions. As noted in our prior reports, *turnover is problematic as inexperienced case managers generally cannot provide the same quantity and quality of child protective services as experienced staff, which reduces the program's ability to ensure that children are safe (for example, foster parents report that staff turnover can result in service delays for children). High case manager turnover rates appear to be due to several factors, including competition among case management organizations, lower salaries and benefits, and job dissatisfaction.*

Some lead agency staff stated that for more recently established lead agencies, some Fiscal Year 2004-05 turnover also resulted from former department case managers who accepted employment with the lead agency, then terminated employment either

because they did not like the new community-based system or they did not meet the providers' expectations.

The transition to community-based care resulted in changes in the way case managers are employed. *Instead of working for a single agency (the Department), case managers may be employed by multiple case management organizations that contract with lead agencies. Lead agency staff indicated that case managers often move across these organizations seeking better salaries and benefits.*

Average starting salaries for certified and non-certified case managers are almost \$2,000 lower statewide than what the department paid case managers in Fiscal Year 2004-05, the last year in which the department employed case managers. Only three lead agencies pay a higher starting salary for certified case managers, and none pay a higher starting salary for non-certified case managers. Case manager benefits vary across lead agencies and are not as comprehensive as benefits offered by the state. In comparison to the state benefit package, case managers under community-based care organizations pay higher health insurance premiums and participate in retirement plans that are not as comprehensive as the state retirement system.

*Lead agencies reported that case managers are in high stress, emotionally draining jobs that require long work hours. Case management organization and lead agency administrators said that additional job frustrations that lead to case manager turnover are documentation requirements that limit time spent with clients, and applicants not understanding the demanding nature of the job prior to accepting the position. (pp. 12-14; our italics throughout)*

We attempted to access information about the Department of Children and Families budget and long-term plans, but to our surprise we reached the following message rather than any of the information we were seeking:

Due to circumstances beyond our control, the Department of Children and Families' funding for the support and maintenance of the TEAM Florida Partnership web site, all of the resources and information contained therein, and the support, maintenance, and technical assistance for the data collection systems (CFS Monthly Report and Annual Progress and Services Report) ended August 31, 2006. Therefore, all of these systems have been removed. We sincerely hope this is a temporary situation and they will all be restored. In the meantime, if you have any questions regarding any of the above, please contact Theresa Leslie at the Department of Children and Families, email: [Theresa\\_Leslie@dcf.state.fl.us](mailto:Theresa_Leslie@dcf.state.fl.us) or phone: 850-487-2005, suncom: 277-2005. We thank you for your many years of visiting this site and utilizing these resources.

We attempted to reach Theresa Leslie several times and finally settled for her assistant. The assistant told us that she is not sure why, specifically, the website was closed but that it might be related to the fact that "about 60% of the employees around here have quit." (She herself had just been hired.) When asked why people were quitting,

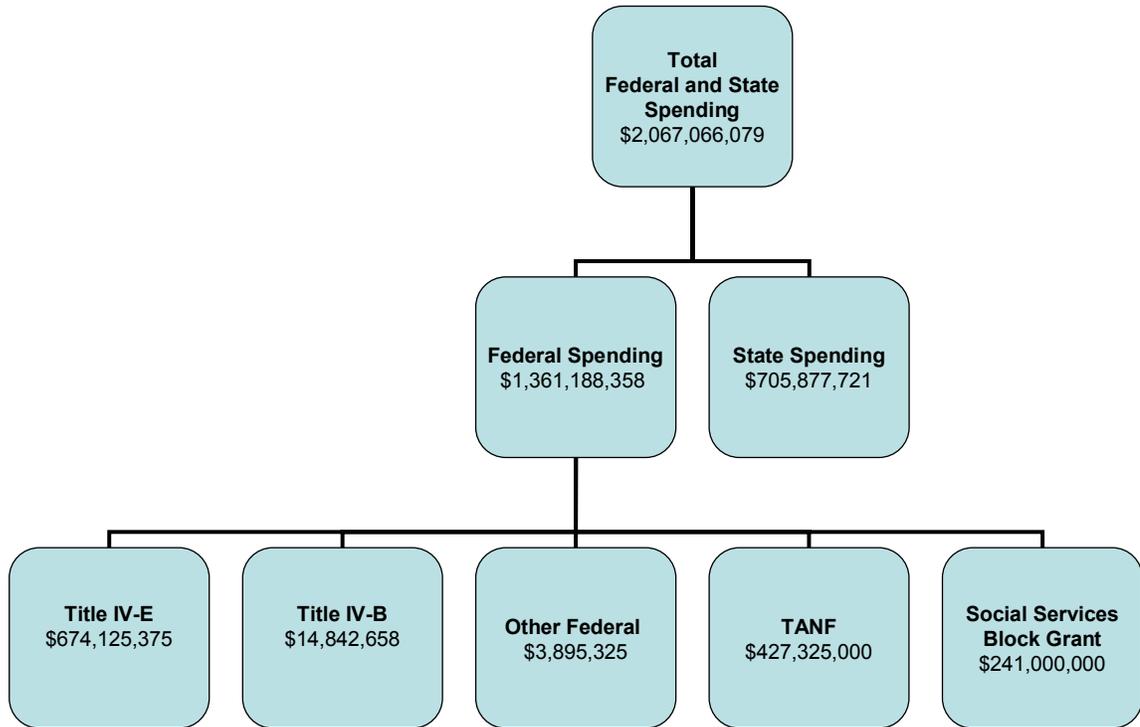
she said we could read about it in the local newspapers, but that she was hoping the situation would change after November 7<sup>th</sup>, when “there will be a new governor.” We are still following up on this interesting situation, but at the moment it seems unlikely that Florida is a “best practices” model for California.

**NEW YORK** (information collected from the website for the New York State Office of Children and Family Services)

The overall funding picture for child welfare in the State of New York is shown on the next page. New York has many innovative programs underway, which we described in our earlier report to CDSS and the Stakeholders Work Group (please refer to that report for details). Appendix O of the present report contains the “Preliminary Report to the Governor and Legislature on the implementation of the Child Welfare Financing (CWF) Initiative,” which was published in August of 2005. The introductory paragraphs give a good indication of what is in the report:

In June 2002, Governor Pataki signed Child Welfare Financing (CWF) legislation (Chapters 53 and 83 of the Laws of 2002), which reformed State funding for a broad range of child welfare services. This report summarizes the activities, experiences and observations related to implementation of the provisions of the statute by the New York State Office of Children and Family Services (OCFS) and the 58 local social services districts it supervises in delivering child welfare services.

## New York Child Welfare Services Spending in 2004



Source: 2003 & 2005 Urban Institute Child Welfare Surveys

This report describes key provisions of the statute, methods for collecting information included in this preliminary assessment, the implementation activities of OCFS and some of the reactions to and changes resulting from the new structure of child welfare finance. Later this year, a second report will include a more quantitative assessment of the impacts of CWF on the delivery of services to children and their families. [As far as we can tell, this promised report never materialized.] *The double-digit rate of decrease in the State's foster care population (from 37,100 in 2002 to 29,700 in 2004) offers an indication of successes since enactment of the law.*

Prior to the enactment of CWF, a Family and Children's Services Block Grant limited state reimbursement to social services districts for foster care, preventive and adoption services to the annual amounts allocated to the districts. Districts received 65 percent State reimbursement for child protective services costs, outside the Block Grant. As a result of this funding arrangement, districts generally limited their investments in preventive services based on Block Grant funds not expended on foster care. Despite reductions in the foster care caseload, with increasing foster care costs and level annual funding of the Block Grant, investments in preventive services gradually decreased.

This approach to funding proved antithetical to the program direction of OCFS. Since the creation of OCFS in 1998, the agency has championed a new role for the State that challenges and encourages service providers to take the initiative by preventing, rather than reacting to, family upheavals by intervening early with activities designed to reduce the need for removal of a child, youth or adult from the household (Operational Framework, May 2002, p.3). The focus on prevention is reflected in the OCFS Service Continuum, which depicts the importance of families and communities in service delivery. “Indeed, even when such broad-based supports fail to prevent problems, early intervention should be available to individuals in the context of their families and families in the context of their communities” (Operational Framework, May 2002, p.3).

The design of CWF addressed the commitment of the State to create a system with a better balance of prevention, protection and permanency. OCFS Commissioner John A. Johnson emphasized the importance of aligning funding with the State’s commitment to services that are developmentally appropriate, family-centered, community-based, locally responsive and evidence and outcome-based.

Three key components comprise the CWF legislation: uncapped services reimbursement, a foster care block grant, and quality enhancement funding. These three components, each with separate appropriations, provide a fiscal structure designed to accomplish the program goals of maintaining children in permanent homes by limiting State funding for services by only a local willingness to match those funds. On the other hand, to minimize foster care as a modality for meeting children’s needs, State funds for out-of-home placements are block granted. (Our italics throughout)

We also looked at New York State’s budget for fiscal 2006-07, and found that they had added \$50 million for child and family welfare services during final budget negotiations, and this increase was aimed at “continued operation of community residential homes slated to be closed under the Executive Budget; child welfare services *including caseload reduction, caseworker training and education, preventive services and preventive services cost-of-living-adjustment, as well as increasing funding to improve the quality of child welfare services*; Office of Children and Family Services programs for day care center workers, home visiting, delinquency prevention, runaway and homeless youth, child advocacy centers, family preservation centers, settlement houses, domestic violence training, and maternity and early childhood services” (our italics). This addition made clear that, despite its innovative programs, New York was still working on reducing caseloads and increasing the budget for preventive services.

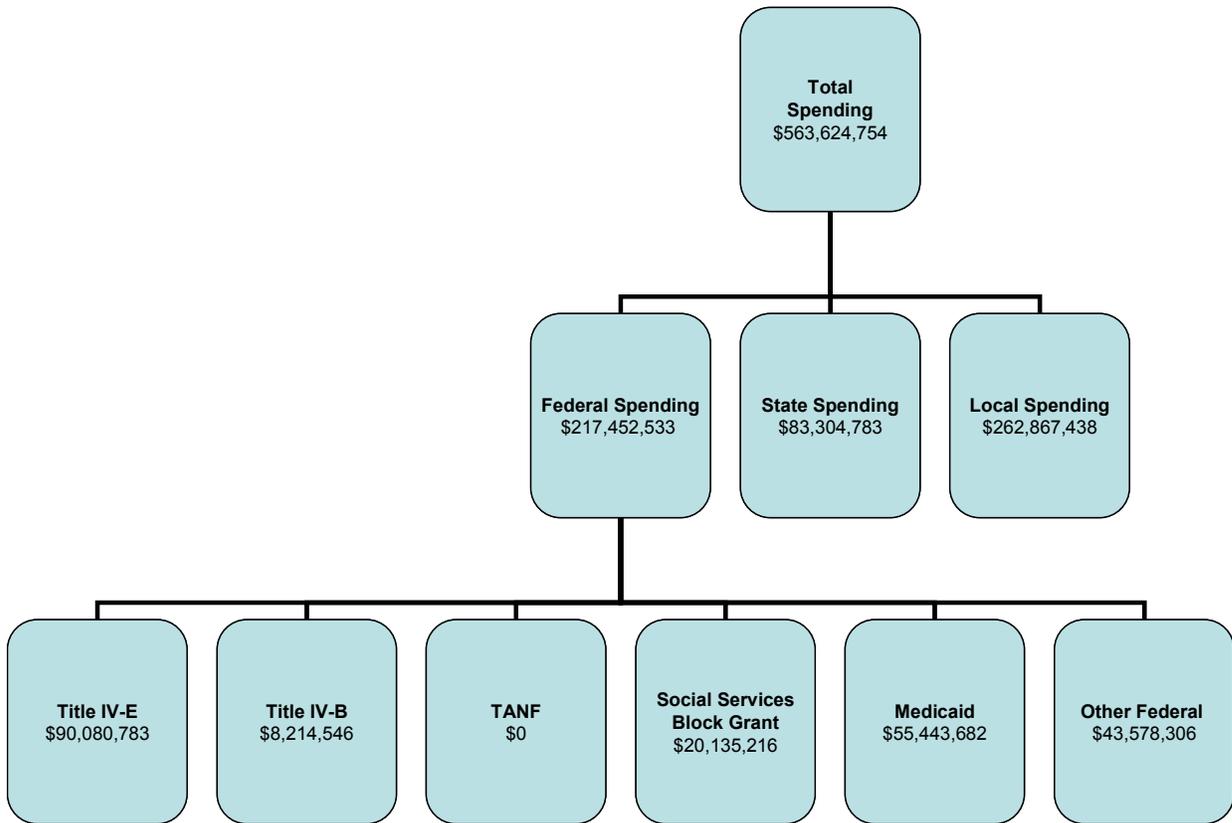
In an effort to find out how well New York's programs are working, we consulted the *New York State Touchstone/KIDS COUNT 2006 Databook* (see pages copied in our Appendix P). Page 109 of the report shows that number of children in confirmed reports of child abuse and maltreatment has gone down in New York City between 2000 and 2004 (from 25,458 to 22,511) and up in the rest of the state (from 37,364 to 41,215), thus remaining roughly static over the 5-year period. The number of children admitted to foster care during the same years went down substantially (from 9,219 to 5,568 in New York City, and from 7,533 to 6,926 in the rest of the state). The report attributes this change to the use of better preventive and family maintenance services. The State also placed more emphasis on achieving adoptions of children in foster care, and the rate increased from 18.2% in 2000 to 21.6% in 2004.

In general, New York is making progress, but the fact that they are still conducting a caseload study similar to California's 2030 study (completed in 2000), still adding ad hoc budget supplements for caseload reduction, and still experiencing a fairly high child abuse and child death rate compared to California (as shown in a previous table) suggests that they have not yet solved the problems facing California's DSS. Later we mention New York City's plan to use a more incentive-based, risk-sharing approach to welfare funding, but this approach has not yet been tested and evaluated.

**MINNESOTA** (based on information on the Department of Human Services website)

We consider Minnesota because several of the professionals we consulted thought Minnesota was among the more innovative states when it comes to child welfare practices. A diagram of their welfare budget is shown on the next page.

## Minnesota Child Welfare Services Spending in 2004



Source: 2003 & 2005 Urban Institute Child Welfare Surveys

On the state's child welfare website ([http://www.dhs.state.mn.us/main/idcplg?IdcService=GET\\_DYNAMIC\\_CONVERSION&RevisionSelectionMethod=LatestReleased&dDocName=Children](http://www.dhs.state.mn.us/main/idcplg?IdcService=GET_DYNAMIC_CONVERSION&RevisionSelectionMethod=LatestReleased&dDocName=Children)), several such practices and innovations are mentioned; for example:

**Minnesota wins national award for child welfare work.** The National Center for Adoption Law and Policy recently honored the Minnesota Department of Human Services with its 2006 Annual Child Welfare MVP Award for exemplary leadership in the research, development and implementation of differential response (known as Family Assessment Response in Minnesota). Family Assessment Response is a strength-based approach to respond to reports of child maltreatment that engages families in keeping

their children safe. The focus is on a comprehensive family assessment and child safety. The center recognized Minnesota for leading “the way in program design and systemic reforms resulting in positive outcomes for children and families.” More information about [Family Assessment Response](#) is online.

**Reports focus on informal child care arrangements.** A set of four reports from the Minnesota Department of Human Services shed some light on informal child care arrangements from the perspectives of both parents and caregivers. The [reports](#) will be used by policy-makers and by child development professionals to improve child care offered by family, friends and neighbors. More information is in a [news release](#).

**Demonstration to test changes in funding for children in foster care.** Children with special needs will receive the same financial resources as they move from foster care to permanent relative or adoptive families under a five-year demonstration project launched in 2005. More than 700 children in long-term foster homes in Carlton, Cass, Dakota, Hennepin, Mille Lacs and Ramsey counties are expected to participate in the demonstration. More information is available in an [article](#) and [fact sheet](#).

Minnesota’s child welfare budget is summarized in the figure on the next page.

Selected pages of the budget are included in Appendix Q. We will quote a few portions here to indicate that (a) Minnesota is seeing a need for additional child welfare employees and (b) the governor apparently has to ask for and justify each addition to the budget individually (i.e., there are no baseline caseload standards).

The Governor recommends an increase to fees and appropriations to:

- Meet current statutory performance requirements for licensing and maltreatment investigations.
- Implement improved licensing oversight of residential services for children in out-of-home placements (known as the “umbrella rule”), effective 7-1-05. Address increased costs of conducting background studies. **Background:** In cooperation with counties, the Department licenses approximately 27,000 providers, and monitors and investigates their compliance with Minnesota laws and rules. The purpose of licensing is to protect the health, safety and rights of those receiving services by requiring that providers meet minimum standards of care and physical environment.
- Counties have primary responsibility for monitoring family child care, child foster care and adult foster care programs (approximately 23,000 programs).
- The Department has full responsibility for licensing child care centers; adolescent group homes; and residential, outpatient and day training treatment programs for people with chemical dependency, mental health problems or developmental disabilities (approximately 4,000 programs).
- When problems are found, licensors may issue correction orders and fines or place a program’s license on conditional status or suspend or revoke a license. Each year, the Department also investigates about 700 allegations of maltreatment of children or vulnerable adults in licensed programs.

In order to meet the statutory requirements for licensing performance, this proposal would:

- *Increase the Department's staff levels by 13 full-time equivalents.*
- Restructure license fees for home and community-based services (waiver) providers to increase revenues by approximately \$292,000 per year by establishing a base rate of \$250 per license plus \$38 per client served. (There are currently approximately 876 licenses and 11,245 clients served). The current license fee is \$400 per license regardless of the number of clients served by the license holder. This fee currently generates approximately \$348,000 per year.

Lower license fees for license-holders serving three or fewer clients. (For example, a license-holder serving one client would have a license fee of \$288 (\$250 + \$38) instead of \$400). Those serving more than four clients would have higher license fees. (For example, a program serving 10 clients would have a license fee of \$630 instead of the flat rate of \$400.) (pp. 8-9; our italics; see Appendix Q)

Later in the budget, the governor asks for additional staff to meet statutory requirements for “administrative fair hearings” for child welfare applicants or recipients, in order to avoid violating “federal and state law,” reducing federal matching funds, incurring litigation, failing to provide benefits to people who are entitled to them, and eroding “clients’ confidence in the human service delivery system [and their confidence in the fairness of the appeals process].

This proposal would *increase the Department's base-funding staff level by eight referees and three clerical support staff to enable the human service appeals function to meet federal and state requirements for fair hearings.* (Due to the termination of funding for two referee positions on 6-30-05, this is an increase of only six referees over FY 2005 funding levels.) (p. 12; our italics)

We looked at another document on the Department of Human Services website, one in which the authors explain how Minnesota is performing on federal and state indicators following their CFSR. (See <http://edocs.dhs.state.mn.us/lfserver/Legacy/DHS-4465-ENG>.) Minnesota seems similar to California in doing fairly well on many measures and not so well on others. Like most states that failed the CFSR, Minnesota announces many plans and commitments for improvement, but it is unclear on the website whether or not these improvements have actually occurred.

**States Analysis Overview.** In these examples from other states' welfare budgets, in Table 6 on the next two pages (briefly summarizing child welfare budget methodologies for selected states and providing a contact person for each state), and in our previous report on child welfare budgets and innovative practices in several states, we believe we have provided sufficient information about "best practices" and "industry standards." In brief, all states have been scrambling to meet federal requirements, all mention the problem of caseloads and the need for more staff, and many have budgeted or are budgeting for new staff positions. Some, like Florida, moved boldly and perhaps incautiously into private contracting for services and seem to be suffering as a result. Many states now have reasonably good outcome-monitoring systems, as required by the federal government, and some are doing better than others at improving outcomes. We did not see, however, any state that is doing better than California in monitoring its outcomes. Nor did we see a state with lower turnover rates for social service workers, although this issue was not mentioned by every state, and perhaps it was mentioned only by states in which turnover is a severe problem.

In the next section we turn to the general issue of incentives for improved child welfare services and the notions of reinvestment of savings and risk-sharing between state and county agencies.

Table 6. Child Welfare Budget Methodologies in Selected States

State	Who decides how much money is spent by your CWS system? What is the methodology?	Do you have collective bargaining, statutes, regulations, or court orders regarding how many cases a worker has? What are the caseload standards?
Colorado	The budget is based on caseloads and other funding requests. State decides the block allocation through an annual budgeting process. Budget drivers include caseloads, cost of out-of-home care, core service expenditures, and adoption assistance for all 64 counties.	A law suit in 1994 led to a settlement agreement. Also, the ASFA federal guidelines required funding changes. The current caseload standard is 14:1. Contact: Ted Trujillo, Director Division of Child Welfare Services, 303-866-4365
Delaware	Budget methodology is based on CWLA standards. State decides how much money to spend on the child welfare system. In 1997, the legislature passed the Child Protection Act, which requires state to hire additional staff as needed to meet standards.	CWLA standards: 18:1, treatment workers; 14:1, investigators. A “case” can be a family or a child. Delaware does not count foster children as individual cases unless they are pre-adoption or in long-term care. When regional average exceeds CWLA standards, the state must fund additional caseworker positions. Contact: Keith Zirkel, Delaware Children’s Services, 302-898-2771
Maryland	Have recommended hiring 300 new staff members to meet CWLA standards, but they haven’t been approved yet.	Determined by CWLA standards, state law, and state budgeting process. A 1998 law mandated CWLA standards: CPS, 12:1; intake, 122:1; intensive family services, 6:1 or 12:1, depending on services; foster care and kinship, 12:1; in-home family services, 20:1; adoptions, 10:1; interstate compact, 30:1; court-ordered home studies, 24:1; resource family, 14:1; ongoing renewal household, 36:1. Five caseworkers to one supervisor. Contact: Nancy Monseaux, Department of Human Resources, Manager of Central Services Budget, 410-767-7144
Minnesota	Counties create budgets based on local property taxes, with 60% of child welfare funds coming from these taxes. State provides 13% of total funds by statute. There are major discrepancies across counties based on property taxes.	No caseload standards. Considering a new budgeting methodology to meet ASFA standards. Contact: Kate Lerner, Executive Director of the Minnesota of County Social Service Administrators, 651-224-3344
Nevada	Three-tiered budget process: base, maintenance, and enhancement. Base: budget for prior fiscal year. Maintenance: Maintain level of services at current demand (adjust for caseload changes). Enhancement: new initiatives or higher levels of service. State provides CPS and child welfare services in all but two large counties. Large counties are responsible for CPS; the state is responsible for child welfare. The legislature meets every 2 years and approves 2 one-year budgets.	Caseloads mandated by law: CPS, 12:1; child welfare, 22:1 in large counties, 19:1 in rural counties, based on children, not families. CPS deals with abuse and neglect through in-home services. Child welfare deals with out-of-home care. Contact: Diane Comeaux, Deputy Administrator for Child and Family Services, 775-684-4451

New Jersey	Legislature appropriates funds based on requests from commissioners of social service departments.	They are in the midst of a lawsuit: Charley and Nadine H. et al. v. John S. Corzine. The lawsuit targets caseload standards. The new standards will match CWLA recommendations: permanency, 15:1; out-of-home care, 10:1; forensic investigators, 15:1; adoptions, 18:1. Five workers to one supervisor. Contact: Joe Verzace, Administrator for Office of Data Analysis and Reporting, 609-292-3008
New York	State and local governments share costs, 65%-35%.	Deborah Hanor, Director of Budget, 518-402-3018
Ohio	State provides a block grant of \$57.5 million, not tied specifically to workload, caseload, or placement costs. Counties fund an average of 52% of child welfare through a dedicated child welfare property tax. State and federal reimbursements fund the rest.	No caseload standards. Caseloads are decided by each county. Contact: Dennis Blazey, Director of Budget, 614-466-1213

### **Funding Models Aimed at Improving Child Welfare Services**

There are dramatically different methods of reducing county and state caseworker caseloads. In Illinois, for example, a successful effort has been made to turn stable placements into legally permanent homes through a series of steps (Testa et al., 2005). The steps were initiated almost 30 years ago when the U.S. Supreme Court ruled in *Miller v. Youakim* (1979) that relatives who met state licensing standards could not be denied federal foster care benefits. Then in 1986, Illinois established separate home approval standards for kin, and the Home of Relative (HMR) program expanded. In 1992, the Department of Child and Family Services (DCFS) entered into the Reid Consent Decree, which closed off guardianship and kinship custody as discharge options. The implementation of HMR Reform in 1995 reduced the intake of children into kinship foster care but did not affect the large backlog of children in long-term state custody. Follow-up legislation (the “Permanency Initiative”), the federal subsidized guardianship waiver demonstration project, and performance contracting promoted the discharge of foster children to permanent homes. As Testa et al. (2005) explain in greater detail:

State laws were changed so that undue hesitancy about terminating parental rights was removed as a barrier to adoption. In 1997, the Illinois General Assembly passed comprehensive legislation . . . that anticipated the federal reforms of the Adoption and Safe Families Act (ASFA) and eliminated long-term foster care as a permanency goal, reduced permanency planning time lines to one year, and directed the Department to engage in concurrent planning. Second, the state opened up a new pathway to permanence for children for whom adoption was not recommended. Illinois' federally approved IV-E Subsidized Guardianship Waiver Demonstration was begun in 1997. It extended subsidies to families assuming private guardianship of children who otherwise would have remained in substitute care. *Third, DCFS implemented performance contracting in 1998 for its largest caseload, the HMR program in Cook County. Under the arrangement, performance contracting exchanged increased resources for improved results: Providers received increased fees to purchase specific supports, but they had to more than triple their permanency rates. The majority of providers were able to meet these goals, and the result was the first significant decrease in kinship care caseloads, which were followed a year later by reductions downstate when performance contracting was extended statewide.* (p. I-5; our italics)

As a result of these three permanency initiatives, the substitute care caseload in Illinois declined from a peak of 52,000 children in 1997 to under 18,000 today:

Permanency rates jumped from 10 percent of children ever served in foster care in 1995 to 26 percent in 2000. The median duration of care for new entrants dropped from 46 months in 1994 to 24 months in 2003. In mid-2000, the number of children in state-supported adoption and guardianship surpassed 31,000 children, exceeding for the first time the number of children in substitute care. In 2002, this milestone was reached by the nation as a whole for children in federally-assisted foster care and adoption. There are currently 42,000 former foster children in publicly-assisted permanent homes in Illinois, compared to 18,000 children in state-funded foster care. By 2008, it is projected that nationally the number of children in federally assisted adoptive homes will exceed the number in federally-funded foster homes by an order of 2 to 1. (pp. I-5 to I-6)

As mentioned in our previous report, New York has been experimenting with various innovative and flexible funding strategies. These include a \$379 million federal Foster Care Block Grant that provided counties with an incentive to reduce the number of children in foster care. Under the Block Grant, savings resulting from reduced use of foster care could be reinvested in locally designed child welfare initiatives to strengthen preventive services and out-of-home services to better serve high-needs children.

Because several welfare commissioners had noted the inequity of using historical spending rates to allocate new funding (which rewarded high spenders), the Office of Children and Family Services (OCFS) considered a combination of demographic, programmatic, and fiscal data to develop alternative methods for allocating funding. The statute governing this program further provided that districts that spent less than their allocation under the block grant could keep the difference in funding for reinvestment in preventive services and aftercare in the next State fiscal year.

New York also established the Flexible Fund for Family Services (FFFS), supported by federal TANF dollars (\$1.025 billion). This fund provided significant local flexibility in supporting child welfare and child care services, as well as any other TANF-allowable expenses. “The programs that could be funded through the FFFS included: any federally allowable TANF use, such as child care (TANF-funded portion), domestic violence screening and non-residential domestic violence services, EAF child welfare, employment-related transportation, EAF JD/PINS, local administration, PINS/preventive services, pregnancy prevention, substance abuse screening,” Title XX (TANF-funded portion), Transitional Support and Employment Services, and Youth Employment Services. FFFS provided districts with flexibility to devote significantly greater amounts to program areas of their choosing, rather than having the State determine what amounts could be spent on child care, services, and various state contracts.

In 2000, the Administration for Children’s Services in New York City (ACS) implemented the Safe and Timely Adoptions and Reunification (STAR) Program, which was to focus on flexible funding to encourage and support improved outcomes for children by contract agencies. According to the CWLA’s article about STAR:

During Year 1 of the program, April 2000 through March 2001, 41 nonprofit child welfare agencies voluntarily participated... Of these, 83% improved beyond their historical baselines in discharging children safely and permanently. As a result, the reinvestment funds they earned were used for new services and programs designed to support permanency. STAR created baseline projections for each participating agency by examining historical length-of-stay data and reentry rates. The project's researchers developed 5-year projections on the basis of these data, tailored to each agency, entry cohort, and case type. The estimates were then compared to the actual numbers of foster care days used by each agency for each cohort and case type. If the actual performance resulted in fewer care days than the baseline estimates (i.e., the agency had moved more quickly to achieve permanency for children in its care), the agency was eligible for the savings incurred and was able to reinvest them in other child welfare programs. Agencies at or above the baseline could still bill for those foster care days, but they were ineligible to receive additional reinvestment funds. The same regulations were to apply to reentry rates in Year 3, once Year 1 discharges were assessed for reentry in Year 2. Agencies with below-baseline reentry rates received their cost savings for reinvestment.

In the STAR Program's first year of tracking, there were approximately 23,000 children in the in-care population, i.e., children in foster care when ACS implemented the program on April 1, 2000. These children's "care days" total was reduced by more than 208,000 days, thus saving almost \$9 million. For the approximately 7,800 STAR-eligible children admitted during Year 1, agencies reduced care days by almost 49,000 days compared with the baseline – a saving of more than \$2 million. These saved funds, minus start-up funding, were redistributed among the agencies for reinvestment in preventive, aftercare, and foster care programs. Funds for redistribution included the city and state portion of savings and, also, Title IV-E funds if reinvestment activities were permissible.

These are all examples of allowing agencies to reinvest money saved by creative service innovations. The reinvested money can be used creatively to test additional innovations. If this method is combined with outcome monitoring, so that savings are not created by failing to achieve important outcomes, it allows what was once a fairly static system to become cheaper in at least some respects and more responsive.

Another strategy involves what Wulczyn (2000; Wulczyn et al., 2005) calls "risk sharing." Service providers contract with the government to achieve outcome goals for a certain price or either return part of the money or absorb part of the cost themselves. There are some indications around the country (in Illinois, as shown above) that this strategy can work, but the situation in Florida suggests that it needs to be considered

carefully and cautiously. The only examples we could find involved risk-sharing between government and private contractors. It is unclear whether the same kind of arrangement could occur between state and county governments.

Perhaps more funds could be provided to counties and agencies that agreed to share the risk of attempting to improve particular outcomes monitored by UC Berkeley. If the improvements did not occur, the county would cover some agreed-upon larger proportion of the funds provided contingently by the State (or the federal government) to accomplish improvements, or the county would not receive additional contingent funding in subsequent years (or for a few years). Carrying out such programs might require waivers from the federal government for funds that were previously allocated only on the basis of, say, number of foster care cases or number of days in foster care. Several states, including California, have already received various kinds of waivers.

The CWDA pointed out to us that California and its counties are already engaged in a certain kind of risk-sharing. Counties have a 60% non-federal sharing ratio for foster care, which creates a significant fiscal incentive to improve outcomes and reduce caseloads. The view of CWDA is that although this form of risk-sharing already exists, there is not adequate state funding to create the caseloads that would allow substantial improvement in outcomes. If a move is made to rectify that situation, it would be important to consider the entire array of outcomes. Although the cost of foster care has been an important part of the combined federal, state, and county picture, no one wishes to eliminate foster care in cases where reunification is dangerous and adoption is difficult to achieve. (This may be particularly common in cases where a child has serious mental or physical disabilities or difficult-to-manage behavioral problems.) In other words,

reducing the number of children and child-days in foster care needs to be considered along with other outcomes.

Wulczyn (1995) explained the importance of federal funding flexibility in a draft of a Title IV-E waiver proposal for New York State:

Of all the recent changes in federal policy, the capacity to enter into a waiver agreement with the Department of Health and Human Services represents a singular opportunity. To this day, placement prevention and expedited discharge to the birth family or adoption remain the cornerstones of child welfare policy and practice. Even so, federal fiscal policies are structured in such a way that any state hoping to lower its foster care population below today's level risks losing the federal government as a partner because virtually all federal reimbursements for child welfare flow to state governments on behalf of eligible children in foster care. Although Title IV-E replaced the Title IV-A entitlement program, policy makers retained the narrowly constructed view of board and maintenance payments. Federal funding for services designed to ameliorate problems in the home was authorized under Title IV-B (and Title XX), a program that has had a capped authorization. Congress did anticipate the desirability of targeting IV-E funding into child welfare services, but the conditions were restrictive and have now expired. Thus, states are left without a viable source of federal funding for programs that would achieve federal policy objectives. *In other words, the federal fiscal incentives favoring placement over placement prevention continue to block meaningful system reform.* (p. 6)

What is needed is some way, or set of ways, to make funding for child welfare services more flexible, more sensitive to demographically determined shifts in need, more prevention and outcome oriented, and more subject to periodic revision in response to outcome data. Virtually all states are currently attempting to do this, almost all with some success but also with continuing difficulty. California might experiment with such methods in selected counties, in an effort to see whether and how performance-based funding, reinvestment, and expanded state-county risk-sharing works in California.

### **Final Observations and Conclusions**

We will summarize the main points in this and our previous reports.

- Because of dramatic examples of child abuse and child murder, consent decrees, federal pressures, and changes in policy makers' understanding of child welfare issues, most

states are seeking ways to redirect their emphasis from traditional foster care to preventive interventions (to make removal from home less necessary), to allowing (or even encouraging) a larger care-giving role for relatives and guardians, and to achieving reunification or permanent adoption faster. There are good indications that these goals are more attainable than they were thought to be 20 years ago, but they obviously cannot be achieved without an adequate workforce.

- Despite large differences in state welfare systems and methods of funding child welfare services, all of the states we studied in search of best practices have found that they cannot achieve their goals without decreasing social workers' caseloads. All desirable interventions and monitoring of interventions depend on a stable and reliable group of social workers who are well trained, highly motivated, and adequately compensated. Thus, policy makers should not attempt to choose between reducing caseloads and working toward better outcomes. The two are inextricably related.

- The major problem is to find ways to reward counties and agencies for using resources creatively and effectively to improve measured outcomes rather than compensating them in a fixed, rigid way for service units. It is probably not efficient or sufficient to fund additional FTE without requiring improvement in outcomes (including retention of employees, but most especially the outcomes of child safety, permanency, and well-being).

- Methods are needed to calculate workloads accurately under present conditions. Different kinds of cases and multidisciplinary teaming of cases makes it difficult to calculate case/worker ratios. Moreover, workload measurement tools are needed that not only time-sample workers, but also consider outcomes. The value of increased staffing

should be demonstrated, over time, in improved outcomes and changes in outcomes over time. We have provided various kinds of evidence from previous studies to indicate that reduced caseloads and improved outcomes are linked, but the association should be monitored and evaluated under current and future conditions in California. (It would also be useful to study units, agencies, and workers that have especially high levels of success in achieving desired outcomes, to determine how it is done.)

- Several states are attempting to consolidate smaller pieces of their child welfare budgets into larger, more flexibly administered and applied budgets. The keystone is *flexibility*, because any system centered solely on number of children in foster care, or number of foster care days in a year, discourages efforts to reduce reliance on extended foster care and instead support biological families, keep children connected with their siblings and, if possible, their parents, avoid removal in the first place, and establish permanency through reliance on relatives and safe guardians. For too long, the federal government inadvertently forced states to ignore best policies, because money flowed from federal sources to states and counties in exchange for discrete units of foster care rather than achievement of desired outcome goals.

- In response to federal mandates and consent decrees, most states are attempting to create a better balance between focusing on process and focusing on outcomes. To do this, most states have developed electronic data sources and monitoring systems that make continuous tracking of outcomes possible. So far, however, outcomes do not seem to be driving resource allocation very directly.

- To improve outcomes without excessively taxing resources requires “risk sharing” between the federal government, state government, county governments, and service

agencies. The upper levels of government, in collaboration with the lower levels, need to establish baselines based on past performance, goals for near-term future performance, and agreements concerning how improvement will be measured, monitored, and rewarded. There is already evidence in some states that allowing agencies to reinvest savings achieved through reduced reliance on foster care results in improved outcomes.

- Demographic changes and cross-county differences in abuse and neglect should be monitored to see how resources can best be allocated to counties. We found, by conducting fairly simple demographic analyses, that abuse rates in California (as in other states), are substantially correlated with poverty, that poverty is associated with ethnicity, but that Hispanic/Latino families have a lower rate of abuse and neglect than expected based on their relative poverty. More research is needed to discover how to predict abuse and neglect from other variables, so that interventions can be employed early and effectively to lower rates of harm to children. Our preliminary analyses were based on associations between variables within given years; we did not test models of change over time, but the data to conduct cross-time change analyses are available.

- Our mandate was to examine industry standards and best practices in other states, but we slowly formed the impression that California is already doing better than most states, partly because of the relatively high level of education of its social workers, partly because it has a good outcome monitoring system already in place, and partly because its levels of government have done a relatively good job of cooperating to improve the lives of children. It would make sense to build on existing strengths and provide a model for other states rather than hoping to find another state that provides a ready-made model.

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