

# Child Welfare Services Budgeting

## Discussion of Final Report

### Center for Public Policy Research (CPPR)

- Introduction: We are a CDSS-supported center at the University of California, Davis
- We provide research and support related to such issues as child welfare services and welfare-to-work programs
- Gail Goodman, CPPR Director and Professor of Psychology ([ggoodman@ucdavis.edu](mailto:ggoodman@ucdavis.edu))
- Michael Lawler, CPPR Co-Director (Director of Center for Human Services, UC Davis: [mjlawler@ucdavis.edu](mailto:mjlawler@ucdavis.edu))

## CPPR Work Order

- 1) Prepare a written report describing county demographics of California's child population with age breakdown and child poverty rates. (Submitted a couple of weeks ago. We will say more about this today.)
- 2) Prepare a written report contrasting California's Child Welfare System with those of other states. Also, synthesize research on industry standards and budgeting methodologies used in other states to support best practices and improved outcomes for children and families. (We submitted this at the end of last week and will report on it today.)
- 3) The report was organized by a research and policy team:
  - Gail Goodman, Distinguished Professor of Psychology, UC Davis, and Center Director
  - Mike Lawler, M.S.W., Director, Center for Human Services, UC Davis
  - Phillip Shaver, Distinguished Professor of Psychology, UC Davis
  - Fred Wulczyn, Ph.D.—Chapin Hall, University of Chicago
  - Rose Wentz, MPA (25 yrs in CWS, training, etc.)
  - Staff assistants (e.g., doctoral students Else-Marie Augusti and Christin Ogle)
  - Many consultants from around the country and here in Sacramento (Thanks to people in the Stakeholders Work Group who provided useful information.)

## Report contains 3 Main Parts

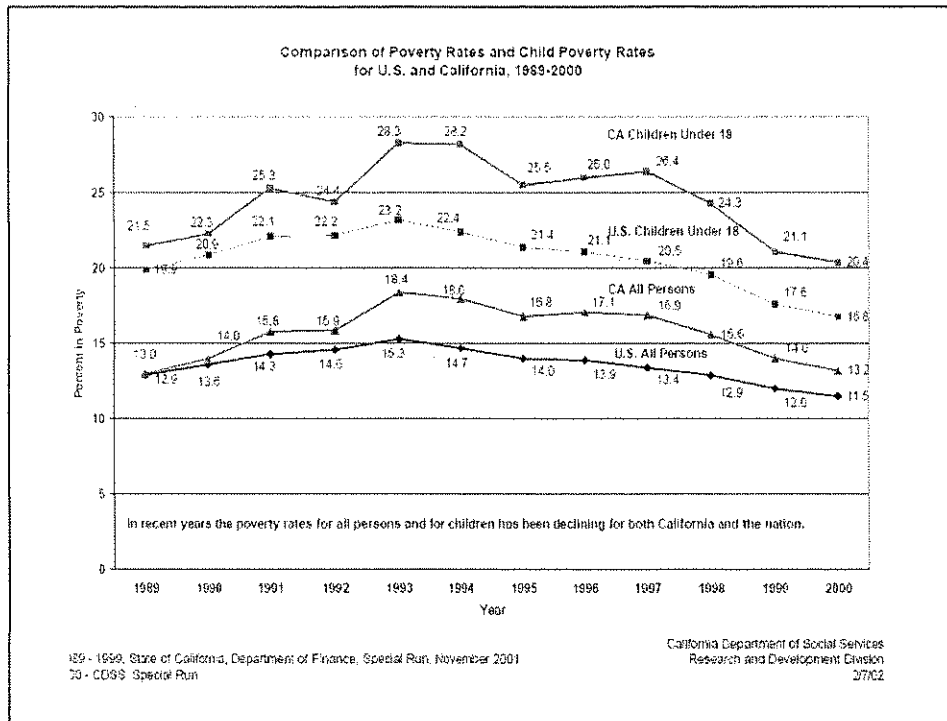
1. Recap and supplement what we said last time about demographics
2. The issue of caseloads
3. Cross-state comparisons and best practices

## 1. Child Poverty Demographic Report: Quick Recap and Supplement

- *Purpose:* To examine child poverty rates in each of California's 58 counties, considering child age, family ethnicity, and temporal trends in ethnic composition of each county
- To help California's child welfare planners understand where poverty and other problems for children are likely to arise and why, so that innovative plans for services and service funding can be formulated

## Demographic Report

- The next slide will summarize poverty rates and child poverty rates for the U.S. and California for the years 1989-2000.
- From 1989 through 1994, the child poverty rate in California rose dramatically, reaching a figure around 28% (about 4-5% higher than the figure for the country as a whole, a difference that would be even larger if California were removed from the total).
- The rate then declined, on average, through the year 2000, falling to around 20% in California. This pattern was in synch with the pattern for the entire country, but it was more dramatic in California than in the country as a whole.



## Demographic Report

- In our demographic report there are 58 separate figures showing the child poverty patterns, broken down by ethnicity, for the years 2000-2003, based on the most recent data provided on CA county websites.
- Overall, the child poverty rates were flat across those years, indicating that the decline between 1994 and 2000 leveled off in 2000 and then remained roughly the same (if 2004 – 2006 continued the trend).
- However, the percentage of children in poverty varied substantially across counties.
- Also, not evident from those facts alone are the different patterns for different ethnic groups across time in different counties.
- In general, in counties where the percentage of children in poverty rose between 2000 and 2003, the percentage of Hispanics was also increasing and the percentage of non-Hispanic whites was declining.
- This pattern is related to the poverty rate among Hispanics and to the number of children they have, on average, especially young children.

**Correlations, Across CA Counties, Between  
Percentage of Children in Poverty and Percentage of  
People in Particular Racial/Ethnic Groups**

| <b>Race/Ethnicity</b> | <b>2000</b> | <b>2001</b> | <b>2002</b> | <b>2003</b> |
|-----------------------|-------------|-------------|-------------|-------------|
| • White               | -.23        | -.32*       | -.36**      | -.35**      |
| • Asian               | -.33*       | -.29*       | -.20        | -.19        |
| • Pacific Island      | -.39**      | -.37**      | -.32*       | -.29*       |
| • Hispanic            | .38**       | .47**       | .46*        | .45**       |
| • Black               | -.09        | -.05        | .04         | .07         |
| • Native Am.          | .37**       | .28*        | .23         | .14         |
| • Multiethnic         | -.09        | -.16        | -.10        | -.10        |

## Demographic Report

- Thus, the social welfare needs of a county are affected by trends in ethnic group residence and child bearing.
- In our report we also show the association between children's age distribution and ethnicity in selected counties.
- In Los Angeles country, for example, Non-Hispanic whites have more children in the 12-17 age group (197,113) than in the 0-5 group (161,176), as do African Americans (94,488 and 68,188, respectively), but Hispanics have more children in the 0-5 age group (56,742) than in the 12-17 group (497,176).
- Thus, in counties where the number of Hispanic families is increasing, the child welfare needs are also likely to increase for several years. This may affect language needs/training and cultural sensitivity training among child welfare case workers.

## New Analyses

Since completing our initial report we added child outcome statistics (from the Berkeley website) to the data file and ran preliminary analyses for the years 2000 and 2003.

- In line with studies from around the country, the percentage of children in poverty in a county is correlated with the rate of new foster care entries in both 2000 ( $r = .52, p < .001$ ) and 2003 ( $r = .33, p < .001$ ).
- Also, the percentage of children in a county who are already in foster care correlates with the 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 correlated with abuse recurrence in 2000 ( $r = .39, p < .001$ ), but not in 2003 for some reason.
- The percentage of Whites in a county's population was *positively* related 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 ( $r = .26, p < .05$ ), but the parallel correlations for percentage of Hispanics were (surprisingly) negative, although not statistically significant ( $r$ 's =  $-.23$  and  $-.18$ , respectively).

## New Analyses

To see what would happen when both percentage in poverty and percentage Hispanic (which are positively correlated,  $r = .39, p < .001$ , as expected) were used simultaneously to predict percentage of children 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  $-.53$  ( $p < .001$ ), indicating that the rate of entry of Hispanic children into foster care was *lower* than would be expected from poverty level alone, and the influence of being poor was more pronounced when being Hispanic was controlled.

This is just an example: We don't know whether there is less abuse and family disruption, per capita, among Hispanics or less interaction between Hispanics and county child welfare agencies (see next slide), but the analyses suggest that demographic analyses would be useful in predicting future need for child welfare services in different counties.

### Facts: "Assessing the New Federalism," Urban Institute, 2005

- Nationally, 53% of immigrant working families are low-income, compared with 26% of native working families.
- Despite the strengths of immigrant families, the low educational attainment of parents, limited English skills, and growing linguistic segregation of the school-age population pose concerns for children's well-being.
- A much larger share of immigrant workers (30%) than native workers (8%) has not finished high school.
- 58% of immigrants' children under age 6 have one or more parents with limited English proficiency. In New York and Los Angeles, we found that limited English skills among immigrants were more highly correlated with poverty and hunger than legal status or length of US residency.
- Students with limited English skills are in schools that may not meet No Child Left Behind performance standards. Over half of children with limited English proficiency attend schools in which a third or more of their classmates are also limited English proficient.
- In 1970, the share of children of immigrants living below the federal poverty level was 17%, only a fraction of the poverty rate for black children (42%). By 2002, the poverty rate for children of immigrants was 30%, while the black child poverty rate had fallen to 33% and the white non-Hispanic rate remained about the same, just over 9%.

## 2. The Issue of Caseloads

- SB 2030 suggested caseload standards, and standards have been proposed by the CWLA and adopted by several states. Both sets of suggestions (SB 2030 and CWLA) were based on extensive research, and no better research has been done since then. (See Table 1, handout, for state details.)
- Budgeting based on caseloads implies that caseloads can be sensibly measured, but there are indications in the literature, including in CA, that measurement is difficult because there are many kinds of cases; cases are handled by teams; etc. Thus, the definition and measurement of caseloads would have to be carefully specified by CDSS.
- Does lowering caseloads "help"? Yes, there is extensive evidence that caseloads matter – both for better quality service and for reduced caseworker stress, burnout, and turnover. (But there are some reservations about this.)
- Moreover, when a state comes under a consent decree (usually following the death of a child or a media campaign to highlight abuse in foster care, etc.), the state is often required to reduce caseloads to a certain level (sometimes to CWLA standards), indicating that courts believe caseloads are crucial.
- On the other hand, funding strictly on the basis of caseloads rather than child outcomes risks the possibility of increasing the number of cases or extending cases or easing caseworker burden without affecting outcomes.
- Thus, it would be good to reduce caseloads (either immediately or gradually, over a specified period of time) while monitoring outcomes, and make funding (or funding increases) contingent on improved outcomes. **(Why this is tricky.)**

## More on Caseloads (see pp. 15-21)

- Are caseloads too high in CA? The CWDA and LAO have disagreed about this (as we show by quoting them).
- The turnover among caseworkers in CA is not high compared to the turnover rate in many other states.
- The child outcome indicators on the UCB/CDSS website have gotten slightly better over the past few years.
- The pool of caseworkers has become better educated over the past few years (that is, the system is attracting better workers than before and better than in many other states).
- Thus, even though there are indications of worker overload, stress, etc. (based on talking to the people involved), the system is still able to deliver a fairly constant level of outcomes. **Why? How?**
- Could the outcomes be made considerably better if caseloads were reduced? We don't know, but that is an important matter for CDSS to figure out, monitor, and evaluate over time.

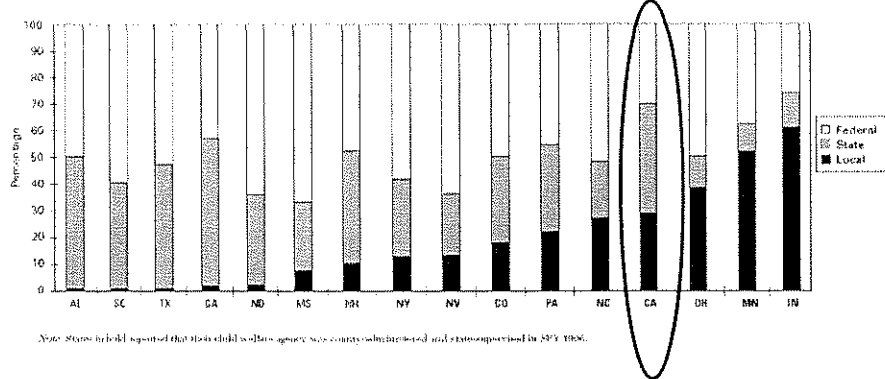
## 3. Comparing State Child Welfare Systems

- States differ considerably in the way they pay for child welfare services. (See the next slide for differences in government structures.) But most of their budgets have been going up over the past 10 years.
- States differ in demographic composition. For example, California and Texas have high Mexican immigration rates; many other states do not. Some states, such as Oregon, have few minority citizens. Some states are considerably poorer than others overall (for example, Texas is poorer than California). Some are not as well supplied as California with social work schools that produce competent caseworkers and supervisors (CA has 16 such schools).
- States rely to different degrees on federal inputs, on block grants vs. matching funds, etc. They differ greatly in how well they are meeting federal outcome requirements and in whether they are operating under consent decrees.
- They differ in the extent to which they rely on relatives as guardians or substitute parents, and in how much they pay such people, if anything, and in whether services or financial supports are provided to them.
- They differ in the extent to which they rely on private service providers. Among states where services are contracted out, some rely on competitive bidding and performance contracts. (That is, the service providers don't get fully paid if they don't deliver the promised outcomes.)
- They differ in the flexibility of their funding sources (and flexible use of federal funds – waivers, etc.). Many are combining what used to be separate sources.
- They differ in the degree to which they devote resources to prevention.



## California is unusual in having a high proportion of child welfare costs paid by local governments

Figure 12 Local Child Welfare Spending as a Percentage of Total Expenditures in SFY 1996



Figures from the Urban Institute, 2005

## Commonalities Across States

- All states are responding to similar federal, legal, and financial pressures. All are attempting to contain costs and improve benefits by changing the timing, emphases, and coordination of their interventions, away from long-term foster care and toward a combination of primary family strengthening, placing children in relatives' homes when out-of-home care is necessary, and working harder to achieve permanent adoptions when warranted.
- Despite philosophical changes, more effort and money are still expended on removal, foster care, and adoption than on prevention.
- The states are also attempting to monitor budgeting and policy experiments and evaluate progress toward state and federal goals, but this is proving difficult because of the complexity and cost of monitoring.
- Because California and its counties cover a higher proportion of child welfare costs than most other states, it may be somewhat easier to institute creative and flexible policies.

## There are two major kinds of innovative resource allocation schemes

- **Reinvestment:** Counties or agencies get a certain amount of money based on caseloads, demographics, previous needs, etc. If they save money in one area, they are free to reinvest it in another area, as long as this results in improved outcomes over time.
- **Risk-sharing:** Counties or agencies agree to do a job (e.g., achieve a certain improvement in outcomes) if they receive a certain budget from the state beforehand. If the outcomes don't materialize or the effort goes over budget, the counties or agencies get less money or pay part of the cost overrun.
- We are unsure to what extent counties are already, in effect, doing this in CA. They are obviously picking up an important proportion of the tab.

## Other Issues

- We came across examples in which innovations seemed not to have worked as planned. In Florida, for example, it isn't clear that privatization has worked well. It has lowered caseworker salaries, caused some caseworkers to take multiple jobs with competing agencies or to jump from one employer to another, and may have had a negative effect on outcomes. (We haven't been able to figure this out for sure, because – as stated in the only 'humor' in our report – Florida's child welfare website disappeared this year, with an odd apology note appearing where the site used to be.)
- Perhaps one of the most important "innovations" is to figure out how current practices and funding constraints jeopardize stated goals. In Illinois, for example, agencies were taking children away from kin caregivers to place them in "approved" foster homes. This upset the children and the kin, ended up costing much more than necessary for police and outplacement staffs and for the foster parents themselves. When this was all straightened out, through changes in laws and policies, the number of children in foster care of the old kind fell by tens of thousands and the outcomes seemed to improve.

## “Team California”

- We concluded that California is unique in being the largest state in the US, basing its welfare funding on detailed negotiations with counties, having a large and growing Hispanic population, having a better-educated-than-average fleet of social workers, and having an excellent quarterly outcome-monitoring system already in place (at UCB).
- If California could move toward the 2030 caseload standards (Appendix A) or the CWLA caseload standards (Table 1 and Appendix B) while keeping its eye on demographic trends and child outcomes (to be sure that moving closer to caseload standards has the desired effect on outcomes), evaluating changes in outcomes in relation to expenditures, and shifting funding among counties over time with outcomes in mind (perhaps changing the “hold harmless” policy and considering some degree of privatization), California could lead the nation in 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 Report's Final Observations and Conclusions

Here, we 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 caregiving 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 wellbeing).
- 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.