

ADVANCED POLICY ANALYSIS

California's Capped Allocation Project: Its Advantages, Disadvantages, and Possible Ramifications for the Child Welfare System

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EXECUTIVE SUMMARY

As of July 1, 2007, implementation of a capped allocation child welfare waiver demonstration project will begin in two California counties, Los Angeles and Alameda. The project, California's Capped Allocation Project (CAP), will allow the participating counties to exercise flexibility in terms of how they spend federal child welfare funds, a possible advantage as federal financing rules are often described as restrictive and in need of improvement. CAP could be a positive experience for the two participating counties as the counties take advantage of the opportunity to build on existing initiatives without being hampered by the typical federal funding restrictions. However, waiver results in the past have been connected to eventual block grants; and some child welfare stakeholders fear that results from new capped allocation waivers in California and Florida may be used to advocate for a block grant that could ultimately provide less federal funding to help children in or at risk of entering the child welfare system. Fifty-six of California's fifty-eight counties in fact elected not to participate in CAP, for reasons that will be explained in this report.

This report utilizes a literature review and interviews with child welfare stakeholders to provide a primer on several of the background issues connected with CAP, such as the history of child welfare services and its funding. Noteworthy in funding trends is the observation by California counties that county shares of child welfare funding have increased over time, while federal shares have decreased. The establishment of 1996's federal welfare block grant is also examined, particularly because it closely followed multiple welfare waiver projects. There are key differences between those welfare waivers and child welfare waivers to date, however, that preclude the positive results of welfare reform from being used to advocate for a child welfare block grant. In addition, child welfare waivers to date have focused mostly on discrete interventions as opposed to capped allocations that permit flexible funding; only four states have implemented "flexible funding waivers." All four of those states are currently participating in extensions of their original waivers, although one state (North Carolina) is currently seeing an increase in child welfare caseloads that may affect its participation in the waiver; and another state (Ohio) is not learning much from its continued waiver evaluation. This report includes information about the waiver demonstration projects and their results to date in these four states.

As forty-six counties sent in initial letters of interest about CAP to The California Department of Social Services (CDSS), California's counties seem quite interested in funding flexibility. However, seven interviewee counties provide multiple reasons for why they ultimately decided not to participate in CAP. Those reasons include but are not limited to the counties' projections that they would have lost money had they participated; in addition, several counties had already made many program changes and/or instituted practices that they didn't anticipate could be significantly improved.

Via CAP, the Los Angeles County Department of Children and Family Services (DCFS) plans to build on current system changes, expand programs and reduce its reliance on the removal of children, instead striving towards keeping families intact when possible. Los Angeles County Probation views CAP as a potentially system-transforming initiative that

could lead to true integration with DCFS; Probation has noted challenges with regards to implementing CAP, however, such as data collection. As described in its five-year CAP plan, the Alameda County Social Services Agency (ACSSA) also plans to continue initiatives it has already begun, while directing resources away from expensive group home care and towards prevention and other services. Alameda County Probation plans to access ACSSA services for its probation population as those services are expanded; Alameda County Probation has entered the CAP with the goal that CAP participation will solidify and stabilize its federal funding for the next five years. Participating in CAP works out to the financial advantage of Los Angeles and Alameda as their child welfare caseloads have been on the decline. Both California and Florida, incidentally, signed on to this capped allocation waiver project very close to the deadline for waiver participation. The federal authority to grant child welfare waivers expired on March 31, 2006.

While it is impossible to predict the effect of CAP on federal movement towards a potentially detrimental child welfare block grant, the topic of reforming federal foster care financing has been discussed in noteworthy detail over the past few years. President Bush has proposed an optional child welfare block grant, while the Pew Commission on Children in Foster Care has proposed a grant (not a block grant) that would extend the flexibility of the currently capped federal funding source (Title IV-B) while keeping the maintenance component of the federal funding source Title IV-E as an entitlement, among other features. Block grants have historically not kept track with inflation, a potentially harmful consequence for states and counties funding child welfare. In addition, child welfare caseloads may spike unpredictably due to a new trend in parental drug use or an increase in families living in poverty, an increase which would be difficult to predict. However, block grants do not have to have only negative consequences; the details of a hypothetical child welfare block grant could include features that preclude financial hardship for states and counties.

Based on the literature review and interviews, this report offers recommendations geared toward California's child welfare stakeholders, including:

- Assess stakeholder awareness of child welfare waivers;
 - Ensure that key stakeholders follow CAP's progress;
 - Enhance the leadership role of the state and county directors;
 - Enhance the transparency of CAP's progress;
 - Educate the public more effectively;
 - Ensure open lines of communication between stakeholders;
- Strengthen the CAP evaluation; in particular, comparison counties could make the evaluation more rigorous;
- Advocate for updating the federal child welfare financing system; and
- If a child welfare block grant seems imminent, ensure stable federal funding and continued federal accountability.

INTRODUCTION AND METHODOLOGY

Many interesting and thought-provoking statistics and statements exist about California's child welfare system, the system that cares for the state's abused and neglected children. For example, the National Youth Law Center reports that "More than 100,000 children were victims of abuse or neglect in California in 2004. During the same period, nearly 39,000 children in California were removed from their homes and placed in foster care – an average of more than 100 children every day."¹ A report developed and produced by the California Department of Social Services (CDSS), the County Welfare Directors Association of California (CWDA), and the Foundation Consortium for California's Children and Youth notes that "California's child welfare system is the largest in the nation and is among the most complex and diverse."² A proposal from AJE Partners' Child Welfare Strategy Group points out that "According to 2000 census data, Californians make up 11% of the total population in the United States. At the same time, California is home to approximately 20% of the nation's total population of foster children."³ In short, California's child welfare system is large, complicated, and a disproportionate presence on the national child welfare stage by virtue of its size.

As of July 1, 2007, implementation of a capped allocation child welfare waiver demonstration project will begin in two California counties, Los Angeles and Alameda. This project, California's Capped Allocation Project (CAP), carries with it possible advantages for the two CAP counties as they will be able to utilize the opportunity to build on existing initiatives without being hampered by the typical federal funding restrictions. Yet why did the remaining 56 California counties choose not to participate in CAP? Also, the fear exists among some child welfare stakeholders that results from CAP and a new capped allocation waiver in Florida may be used to advocate for a block grant that could ultimately harm children in or at risk of entering the child welfare system, as well as put states and counties at financial risk. Does "block grant," however, ultimately mean disaster for the child welfare system?

This report utilizes two main methods – a literature review and interviews – to present a qualitative examination of CAP, its pros and cons, and its possible ramifications. The literature review covered topics including but not limited to the history of child welfare services and its funding, social services funding, block grants and waivers, and child welfare reforms and initiatives. In addition, primary documents about CAP, such as pertinent state, county and evaluation documents, are discussed and analyzed in this report.

Regarding interviews, questionnaires were sent via e-mail to many child welfare stakeholders on the national, state and local levels. Interview questions were sent, for example, to states that have already completed their initial flexible funding waiver demonstration projects; the California Department of Social Services (CDSS); California counties participating in CAP and several who elected to not participate in CAP; national and state researchers; the CAP Evaluation's Principal Investigator; and other child

¹ National Center for Youth Law, "Broken Promises," p. 1.

² Armstrong, Bonnie, et al, p. 20.

³ AJE Partners' Child Welfare Strategy Group, p. 2.

welfare stakeholders. Several parties responded via e-mail, while others spoke over the phone or participated in in-person interviews. Several in-person and phone interviews were taped with the permission of the interviewees.

When taping was not done or was not possible, the interviewer took extensive notes. A May 9, 2007 draft of this report was written offering quotes from those non-taped interviews when quotes were fully backed up by notes. In the interest of insuring that “non-taped interviewees” felt that they were represented accurately in this report, the May 9 draft was e-mailed to all interviewees whose interviews were not taped. The draft was accompanied by an e-mail saying that if the report author did not hear back from the interviewee by May 14, the author would assume the interviewee had reviewed the draft and approved of how what he/she said was incorporated in the report. (The e-mail was also followed up with a phone call to ensure that interviewees had received the May 9 draft and cover e-mail. One interviewee, Dennis Blazey of Ohio, was unable to be reached due to his retirement on March 31, 2007.) In the interest of maximizing accuracy, if the author did not hear back from non-taped interviewees, quotation marks were removed from his/her comments. Most non-taped interviewees did respond to the May 9 draft, however; thus all quotes from non-taped interviews that appear in this report have been confirmed by the interviewees. (Tapes and notes are available for review by interested parties until September 1, 2007.)

With that said, this report begins with a look at the history of the child welfare system.

CHILD WELFARE BACKGROUND

The Child Welfare System: A Brief History

In the 1600's and 1700's, orphans and children in need of care were often indentured to other families to learn a trade. In the 1800's, orphanages were established by private religious and charitable organizations to care for dependent children,⁴ and Charles Loring Brace helped establish "Orphan Trains" that took indentured children to the western United States to place them with families. Brace had become concerned that many indentured children were treated harshly, and hoped that "good hearted people" out west would treat these children more humanely. Unfortunately, however, there was no system of follow-up once these children left the east.⁵

By 1875, no laws had yet been established to place constraints on the way a child was treated. That year, an abused child in New York named Mary Ellen was found by a church visitor; the child had been beaten and chained in a room by her caregivers, yet the police had no legal right to intervene. The New York Society for the Prevention of Cruelty to Animals investigated and took the case to court. Later, the New York SPCA and other SPCAs incorporated child protective services into their work, and ultimately communities began forming separate Societies for Prevention of Cruelty to Children.⁶

Throughout this early period of child protection services, "some of the more zealous groups removed children from their homes with little regard for parental rights."⁷ Thus the child protection system saw the beginning of ongoing tensions between children's rights and parental rights, government intervention and family privacy, etc.

Government Involvement at the Federal, State and Local Levels

The United States federal government first developed policies to address child abuse and neglect in 1935. Congress created a federal foster care payment system that reimbursed foster parents, as well as strengthened the role of the court in removing children from their families. Foster Care and Adoption Assistance programs are administered by the Department of Health and Human Services' Administration for Children and Families (ACF), and the major child welfare acts on the federal level include:

- The Child Abuse Prevention and Treatment Act (CAPTA), 1974;
- The Indian Child Welfare Act (ICWA), 1978;
- The Adoption Assistance and Child Welfare Act, 1980;
- The establishment of the Family Preservation and Family Support Services Program in 1993;
- The Promoting Safe and Stable Families Act, 1997;
- The Adoption and Safe Families Act (ASFA), 1997; and
- The Foster Care Independence Act (i.e., the Chaffee Independence Program) of 1999.⁸

⁴ Reed and Karpilow, p. 3.

⁵ <http://childservices.org/usachildwelfarehistory.html>.

⁶ Ibid.

⁷ Reed and Karpilow, p. 3.

⁸ Ibid, pp. 3-4.

The funding streams established through these acts and laws will be discussed later in this report.

California is one of thirteen states in the country that has a state supervised, county administered child welfare system. The California Department of Social Services (CDSS) is empowered to receive federal funding that provides partial support for state and county child welfare programs; CDSS also provides oversight and evaluation of local and statewide demonstration projects, such as CAP. In addition, CDSS' Children and Family Services Division provides training, technical assistance, program incentives and evaluations.⁹ (This report will refer to the state arm of child welfare services as CDSS throughout the report.) Each of California's 58 counties has a child welfare agency that handles tasks such as screening and investigating child abuse reports, removing children from their homes, and determining where and with whom a child will be placed in out-of-home care. In addition, county child welfare agencies monitor the care and safety of children in foster homes and group homes, and provide services to preserve and reunite families.¹⁰ CDSS provides adoption programs to some counties, while other counties provide their own adoption services.

Children who enter the child welfare system do not just interact with county child welfare agencies, incidentally. They often interact with other state and county agencies as well, such as the California Department of Health Services and county public health departments; the California Department of Mental Health and county mental health departments; the California Department of Alcohol and Drug Programs and county alcohol and drug treatment services; and the Judicial Council of California and the juvenile dependency court.¹¹

Important child welfare laws in California include:

- Senate Bill (SB) 14 in 1982, which required the state to establish and support a public system of statewide child welfare services;
- SB 370 in 1989, which established the Foster Care Group Home Rate structure (which may or may not undergo changes within the next few years);
- Assembly Bill (AB) 948 in 1991, which increased the county share of costs for foster care;
- SB 163 in 1998, which allowed counties to participate in a wrap-around pilot program;
- SB 1901 in 1998, which established Kin-GAP;
- SB 2030 in 1998, which required CDSS to evaluate workload and budgeting methodologies;
- AB 1740 in 2000, which established a child welfare services Stakeholders Group that was charged with proposing a redesigned child welfare system by June 2003;

⁹ Ibid, p. 5.

¹⁰ National Center for Youth Law, "Broken Promises," pp. 1 and 5.

¹¹ Reed and Karpilow, p. 7.

- AB 636 in 2001, which established the statewide Child and Family Services Review system to review county systems and assist counties in meeting outcomes;¹² and
- AB 2216 in 2006, which established a Child Welfare Leadership Council to bring together departments and agencies that provide services to children and families in the child welfare system.¹³

The ramifications of the state laws listed above will be referenced throughout this report with regards to significant initiatives, funding information, and outcome measures impacting California's child welfare system.

To give a sense of how many children are in California's child welfare system and who those children are, in 2001 there were approximately 113,000 children who had substantiated cases of child abuse and neglect. About 35 percent of these cases were for neglect, 15 percent were for physical abuse, 13 percent were for emotional abuse, and 9 percent were for sexual abuse. Eleven percent involved cases where the caregiver was absent or incapacitated, and in 12 percent of the cases the child was at risk but not abused. In 2001, twenty-nine percent of children in the child welfare system were under five years of age and 57 percent were under 11 years old. African American and Native American children were and still are disproportionately represented in the system based on their percentage of children under age 18 in California, while white, Latino, and Asian/Pacific Islander children are underrepresented.¹⁴

Child Welfare Funding: Yesterday and Today

How is the child welfare system funded? Federal monies for child welfare services consist of a combination of dedicated funding sources (Titles IV-E and IV-B of the Social Security Act) and non-dedicated sources (such as TANF and Medicaid). A brief description of those funding sources and their eligible populations follows.

Primary Federal Funding Sources for Child Welfare¹⁵

- **Title IV-E, Federal Foster Care and Adoption Assistance.** This federal program is an open-ended entitlement funded with a combination of federal and state/local matching funds. This funding source requires that the child in question must have been a recipient of or eligible for AFDC (based on the State AFDC standards that were in place on July 16, 1996) during the month a petition was filed to remove the child, or during the month a voluntary placement agreement is signed. Funds are available in three areas, each with a different funding formula:
 - *Maintenance:* This is the room and board payment made to licensed foster parents, group homes and residential child care facilities.

¹² Reed and Karpilow, p. 6.

¹³http://www.youthlaw.org/press_room/press_releases/2006_press_releases/california_gov_arnold_schwarz_enneger_signs_bills_to_protect_foster_youth_regulate_private_child_support_collectors/.

¹⁴ Needell, Barbara, et al., *Child Welfare Services Reports for California*, 2002 (as reported in Reed and Karpilow, pp. 16-17).

¹⁵ Sources: CWLA, "Funding Sources for Child Welfare," and Scarcella, Cynthia A., et al, pp. 11-12.

- *Administration:* This includes the activities necessary for the “proper and efficient administration” of the Title IV-E state plan, such as referrals to services, determination of Title IV-E eligibility, placement of the child, case plan development, etc.
 - *Training:* This includes the cost of providing in-service training and training at educational institutions for staff employed by (or preparing for employment by) the state or a local public agency administering the Title IV-E state plan.
- **Title IV-B, Subpart 1 (Child Welfare Services).** This is a non-entitlement funded at \$289M in FFY 2004. States are required to provide a 25% non-federal match. There is no eligibility criteria, and services provided are designed to prevent abuse and neglect, reduce foster care placements, reunite families, arrange adoption, and ensure adequate foster care.
 - **Title IV-B, Subpart 2 (Promoting Safe and Stable Families).** This is a state entitlement capped at \$305M with an additional \$99M in discretionary funds appropriated in FFY 2004. States are required to provide a 25% non-federal match. As a point of reference, expenditures in SFY 2004 were \$338M. There is no eligibility criteria, and the services provided are designed to support families and avert foster care; they may be time-limited services to reunify families, for example, or services to promote and support adoption.
 - **Child Abuse and Neglect Prevention and Treatment Act (CAPTA).** These funds are authorized by Congress, are not an entitlement, and must be appropriated annually. The funds must be spent on child protection activity. The amount a state receives is based on its child population.
 - **Chaffee Independence Program (Independent Living).** This was signed into law in 1999 and brought significant changes to what was formerly known as the Title IV-E Independent Living Initiative. The program is a \$140M capped entitlement that requires a 20% state match.
 - **Temporary Assistance for Needy Families (TANF).** This is a capped state entitlement block grant which provides states with the flexibility to provide assistance to needy families with children. TANF replaced AFDC in 1996. No state match is required but there is a Maintenance of Effort (MOE) requirement.
 - **Title XX Social Services Block Grant.** This is authorized by Congress and is appropriated annually; it is not an entitlement. Most states use the funds for a combination of childcare, child welfare and services to the elderly.
 - **Title XIX (Medicaid).** This is an open-ended entitlement program that provides medical services to Medicaid-eligible children under certain conditions. Each state’s Medicaid program is different and unique to that state.

Please note that non-dedicated child welfare funding sources such as TANF and Medicaid are not, of course, primarily designed to be spent on child welfare services, and therefore are not secure funding sources for child welfare. Other non-dedicated federal funds may also be made available under the administration of other agencies, such as the Child Care and Development Block Grant (CCDBG), Mental Health Services Block Grant, Substance Abuse Block Grant, and the Office of Juvenile Justice and Delinquency Prevention (OJJDP).

Regarding how child welfare expenditures have changed over time, a June 2006 report from the Government Accountability Office (GAO) finds that federal expenditures to help states pay for costs of administering Foster Care and Adoption Assistance Programs increased 7% from fiscal years 2000 to 2004, from approximately \$2.5 to \$2.6 billion. However, the analysis of changes in the types of costs that were incurred was limited due to inconsistencies in how states tracked and reported data over time. The GAO recommends that Assistant Secretary for the Administration for Children and Families “take action to better safeguard federal resources and ensure consistent federal support for states’ administration of foster care and adoption assistance programs.”¹⁶ Please note that this report was addressed to Representative Wally Herger (R-CA) when he was chairman of the Subcommittee on Human Resources (now the Income Security and Family Support Subcommittee) of the House Committee on Ways and Means. The report was written as “Policymakers have expressed concern over how costs to administer Foster Care and Adoption Assistance programs are contributing to overall increased federal expenditures for these programs...”¹⁷

“The Cost of Protecting Vulnerable Children V: Understanding State Variation in Child Welfare Financing” (May 2006), an article in a regularly updated series from The Urban Institute, takes a different approach to evaluating child welfare spending. The report notes that state spending on child welfare increased 4% from state fiscal year 2002 to SFY 2004, and 40% from SFY 1996 to SFY 2004. Focusing on the time period between SFY’s 2002 and 2004, the report finds that federal spending remained stable while state spending increased 6% and local spending increased 10%. In addition, Title IV-E Adoption Assistance spending continued to increase; states “continue to struggle with Title IV-E eligibility”; TANF and SSBG spending for child welfare activities declined; and local funding requirements were not changed when state fiscal pressures occurred.¹⁸

California counties who declined to participate in CAP offer their thoughts later in this report on the changes in county funding of child welfare over time, i.e., changes in the balance between federal, state and county funding. Los Angeles County also offered its perspective, which is included here:

Current funding ratios for the CWW Administrative budget are 46% federal, 39% State and 15% county shares. The maximum federal share could be 50%; however it is discounted for the percentage of children who are not federally eligible. The Administrative budget pays for social worker salaries, employee benefits, rents and leases

¹⁶ GAO, “Foster Care and Adoption Assistance,” pp. 4-5.

¹⁷ Ibid, p. 1.

¹⁸ Scarcella, Cynthia A., et al, pp. v-vii.

and other operational overhead expenses. The State share of the funding is capped each year through the State budget process and the State has not provided cost of doing business increases in the allocation for the last 6 years.

Current funding ratios for the Assistance Payments budget are 29% federal, 28% State and 43% county shares. The maximum for this could also be 50% federal, however, as can be seen, we have a lower “penetration rate” than on the Administrative side of our budget. State funding is “open-ended” in the Assistance Payment budget. While the State share is less on the Assistance Payment budget than on the Administration side, the State provides the counties realignment revenue as an offset for this increased percentage of costs.

The federal share of funding has decreased over the past 10 years because federal eligibility is tied to the 1996 eligibility requirements for the old AFDC program that was eliminated by TANF. These levels have not been adjusted in the last 11 years, and each year, fewer children are federally eligible. Unless Congress was to make changes, this trend will continue for the foreseeable future.¹⁹

The fact that federal eligibility is tied to 1996 AFDC eligibility requirements is called the “AFDC lookback,” or simply the lookback. Delinking current federal eligibility to the old AFDC requirements is a popular idea in terms of federal child welfare finance reform. Robert Geen, who co-authored The Urban Institute report referenced above, has served as a visiting fellow with the House Ways and Means Committee for the last two years and currently works as Vice President for Public Policy and Senior Research Scientist at Child Trends (“a nonprofit, nonpartisan research organization providing social science research to those who serve children and youth”²⁰). Geen offers this perspective on delinking:

It does not make sense for us to be wasting the amount of administrative resources [that we do] to figure out who’s eligible. How to implement it in reality so that every child is covered at a lower rate, without creating tremendous winners and losers and not having a large financial cost, is what becomes difficult. The other question is whether you do delinking in and of itself, or as part of a larger proposal. Delinking [alone] doesn’t do anything. It doesn’t create really any added flexibility, and it doesn’t create new resources, other than it reduces administrative burden.²¹

An important trend to mention regarding changes in federal child welfare funding and policy is noted in a report from the National Conference of State Legislatures. In short, recent federal legislation, such as Deficit Reduction Act of 2005 (DRA) and the Child and Family Services Improvement Act of 2006, has made changes in federal financing policy affecting both dedicated and non-dedicated sources. As the report notes,

It is apparent that Congress intends to exert greater control over how states may spend federal child welfare funds, both dedicated and non-dedicated. The purpose of increasing federal control appears to be twofold: cost containment and achievement of policy goals... Recent changes in the laws governing federal child welfare financing appear to signal a desire on the part of the federal government to shift some of its financial responsibility to the states and to further restrict states’ use of federal funds. These

¹⁹ E-mail from Susan Kerr, Mitch Mason and Alan Weisbart, 4/26/07.

²⁰ http://www.childtrends.org/_catdisp_page.cfm?LID=124.

²¹ Telephone interview with Robert Geen, 4/6/07 (taped).

changes are inconsistent with the increased federal role in holding states accountable for achievement of the desired outcomes of child safety, permanency and well-being.²²

Social Services Funding: Block Grants and Waivers

In the above description of federal child welfare funding, Title IV-E was described as an entitlement, which can be defined as “a guarantee of access to benefits because of rights, or by agreement through law.”²³ An entitlement contrasts with a block grant, which can be defined as “a large sum of money granted by the national government to a regional government with only general provisions as to the way it is to be spent. This can be contrasted with a categorical grant which has more strict and specific provisions on the way it is to be spent.”²⁴ An entitlement creates individual rights to benefits, while block grants do not create the same rights; in addition, block grants give Congress more control over future spending, while entitlements are more responsive to macroeconomic conditions.²⁵ As noted earlier in this paper, a fear about the Capped Allocation Project (CAP) is that its results may be used to advocate for turning the child welfare entitlement into a block grant with potentially negative consequences for the child welfare system.

In light of this issue, it is useful to review the history of, and arguments for and against, **block grants**. The earliest block grants were enacted as Democratic initiatives in 1966 and 1968. Republican control influenced the next major block grants; while President Nixon’s 1971 proposal to consolidate 129 different programs into six block grants was rejected by a Democratic Congress, Congress had in fact created three large block grants by the end of the Ford administration. Two of these, the Community Development Block Grant (CDBG) and Social Services Block Grant (SSBG), still operate today. The block grants of the 1970’s, interestingly, provided more money than the programs they replaced. Later block grants under President Reagan, however, provided about 25% less funding than the programs they replaced,²⁶ and introduced devolution of oversight and accountability. Among the key results of Reagan block grants: flexibility in spending has been ultimately reduced; administrative savings have not offset program funding cuts; states have reduced program standards; there has been a greater reliance on state funds; and social services block grants have not kept pace with general inflation, resulting in a loss of purchasing power for services over time. For example, the purchasing power of the SSBG has declined by 85% relative to its initial funding level, “a large decline even when compared to other block grants.”²⁷ In addition, Congress may choose not to authorize the full amount allocated for a block grant when the block grant comes up for reauthorization.

As noted by Margy Waller in a December 2005 Brookings Institution report, block grant proponents typically cite three main reasons for block grant proposals: (1) block grants give states or localities more flexibility in their use of funds while reducing reporting and administrative requirements; (2) block grants reduce the role and responsibility of

²² Christian, Steve, pp. 17 and 20.

²³ <http://en.wikipedia.org/wiki/Entitlement>.

²⁴ http://en.wikipedia.org/wiki/Block_grant.

²⁵ Finegold, Kenneth, et al, “Block Grants: Historical Overview and Lessons Learned,” pp. 2 and 4.

²⁶ Ibid.

²⁷ Waller, Margy, pp. 2-3.

Congress; and (3) block grants control spending. Skeptics of block grants do not want to see the stability of services threatened, which can typically happen with block grants. On the whole, “it is not yet clear how to achieve flexibility while ensuring federal funding levels and accountability for outcomes.”²⁸ An April 2004 Urban Institute article reports that block grants have historically worked best when states can draw upon administrative capacities that have already been developed under the program that preceded the block grant; thus “experience with the Title IV-E Foster Care program may equip states to administer a Child Welfare block grant.”²⁹ Politically speaking, Republicans tend to be proponents of block grants while Democrats are skeptics, which is in line with the traditional Republican desire for less “big government” and Democratic support for social programs.

Over the past few years President George W. Bush has proposed an optional child welfare block grant, in the form of a state option to receive child welfare funding as a flexible grant. Under the proposal, state allocations would be fixed for a five-year period; states must commit to the full five-year period; and states may opt to receive five years of funding up front. The block grant would allow states to draw on a TANF contingency fund, making it the only among several block grants proposed by the Bush Administration to address the changes in need that might occur during a recession, for example. The Bush optional child welfare block grant proposal has not gained traction to date; a House subcommittee hearing was held in June 2003, but as of early March 2004 no bills had been introduced in the House or Senate.³⁰

One of the strongest voices³¹ around child welfare financing reform has been the Pew Commission on Children in Foster Care, which was announced in May 2003. The Commission, “an independent, nonpartisan entity dedicated to developing effective, practical policy recommendations to improve the foster care system,”³² has proposed a new, flexible federal child welfare financing structure called the Safe Children, Strong Families Grant. The grant would extend the flexibility of Title IV-B to the administration and training components of Title IV-E, while keeping the Title IV-E maintenance component as an entitlement. The grant has a “snap back” provision “so that if the grant was not fully funded at any time, the title IV-E administration and training funds would revert to their former open-ended entitlement.” The Commission also proposes adding more federal money to build the needed continuum of services.³³ The Commission points out the differences between block grants such as SSBG and CDBG and The Safe Children, Strong Families Grant. Hope Cooper at The Pew Charitable Trusts, a spokesperson for the Pew Commission, says that the Commission saw a child block grant “not as the way to go... [as there] needs to be reliable federal funding, [and it’s wise to] maintain some of the structure” of the current system. Adds Cooper, the Commission is “not anti-block grant,” as block grants can be “not all bad”; it depends on the details of

²⁸ Ibid, pp. 3 and 8.

²⁹ Finegold, Kenneth, et al, “Block Grants: Historical Overview and Lessons Learned,” pp. 5-6.

³⁰ Finegold, Kenneth, et al, “Block Grants: Details of the Bush Proposals.”

³¹ Telephone interview with Gail Collins, 3/9/07.

³² <http://pewfostercare.org/docs/print.php?DocID=2>.

³³ North American Council on Adoptable Children, “The Pew Commission on Children in Foster Care Recommendations.”

the block grant in question. Cooper reports that regarding current Commission activities, the project of the Pew Charitable Trusts called Kids Are Waiting, which promotes the Commission's recommendations, is "focused on prioritizing federal finance reform" in Congress and is recruiting a "legislative champion" for reform.³⁴ Robert Geen offers this perspective on the success to date of the Commission recommendations, and on the idea that the Commission's recommendations may be seen as conservative: "I think the Pew Commission has already been far-reaching in the sense that some of the recommendations have been passed into law, particularly the court reform-type proposals. I think because it was a bipartisan commission and because it was politically sensitive in the sense they were trying to recommend things that had an opportunity to be truly considered, it was seen as a very middle-ground proposal."³⁵

On the national Congressional level, the two committees that oversee child welfare are the House Ways and Means Income Security and Family Support Subcommittee (formerly the Subcommittee on Human Resources), and the Senate Finance Committee. As a result of the 2006 elections both groups are now chaired by Democrats, Representative Jim McDermott (D-WA) and Senator Max Baucus (D-MT), respectively. Rep. McDermott helped reauthorize the Promoting Safe and Stable Families Program in 2006, and introduced The Leave No Abused or Neglected Child Behind Act (H.R. 3576) in July 2005. H.R. 3576 proposed to "make significant changes to the federal-state partnership in financing child welfare" and includes such features as eliminating the AFDC lookback and increasing the federal Title IV-E match for states that make progress in achieving goals as set out in their state child welfare plans.³⁶ McDermott's bill contrasts with an earlier bill introduced in July 2004 by Rep. Wally Herger (R-CA), the Child SAFE Act (H.R. 4856). The Child Welfare League of America (CWLA) says of H.R. 4856, "The goal of the bill is to reduce the number of children in foster care and does this by incorporating a version of the Bush Administration's foster care block grant proposal with some of the recommendations of the Pew Commission on Children in Foster Care. As introduced, the Child SAFE Act is unacceptable and needs to be substantially improved."³⁷ (CWLA describes itself as "an association of nearly 800 public and private nonprofit agencies that assist more than 3.5 million abused and neglected children and their families each year with a range of services."³⁸ CWLA awarded its Congressional Advocate of the Year award to Rep. McDermott in February 2007.)

While it is difficult to predict a timeframe for new movement on block granting child welfare, several of the stakeholders interviewed for this report offered their perspectives (included throughout this report) on the likelihood of a child welfare block grant, as well as the possibility of CAP results being used to advocate for a child welfare block grant. Many stakeholders are of the opinion that there will be no immediate movement on

³⁴ Telephone interview with Hope Cooper, 4/13/07.

³⁵ Telephone interview with Robert Geen, 4/6/07 (taped).

³⁶ <http://www.cwla.org/advocacy/financinghr3576-summary.htm>.

³⁷ <http://www.cwla.org/advocacy/childsafeactconcerns.htm>.

³⁸ <http://www.cwla.org/whowhat/whowhat.htm>.

Bush's optional block grant proposal. Interestingly, Robert Geen offers the following perspective on, block grant aside, current sentiment towards child welfare finance reform:

There is a renewed interest in child welfare finance right now for a couple of reasons. One is that the status quo is harming states; every day states are losing access to Title IV-E funds because of the lookback provision, but also because of regulatory reform at the federal level. The Deficit Reduction Act is just one example of how small changes can be made that can impact the amount of money available to states. There have also been disallowances on the Title IV-E and the Medicaid side. So states see there is a risk to just staying with what exists now. So I think there is greater interest in coming up with some type of compromise that changes the way financing of child welfare occurs on the federal level.³⁹

Possible changes to Title IV-B, incidentally, are discussed below in the **Other Recent Child Welfare Reforms and Initiatives** section of this report.

As CAP is a child welfare waiver, it is important to shed light on the differences and connections between **waivers** and block grants. As noted in Waller's Brookings Institution report, with waivers, the federal administration often retains oversight of the program; state flexibility is narrowly prescribed; independent evaluations of outcomes of waivers are sometimes required; and the change in question is time limited. "However, program waivers have sometimes been followed by proposals to transform the federal program into a block grant. Furthermore, recent proposals have lacked all or many of the waiver protections outlined above, thereby increasing state flexibility, but diminishing accountability."⁴⁰ Welfare – the current TANF block grant – is an example of a block grant proposal that was preceded by program waivers. Waller reports that Presidents George H.W. Bush and Clinton had "liberally granted waivers of AFDC requirements to allow state experiments with new rules for cash assistance recipients" before welfare became a block grant. By 1996, when AFDC became TANF, "the Department of Health and Human Services had granted such waivers in 43 states. In the mid-1990's, some members of Congress promoted the shift to block grants as the next logical step... [and] States traded the guarantee of automatically increasing federal funds as needs grew for some flexibility in program design."⁴¹

Studies have shown that the welfare block grant, or "welfare reform," has been a success. Welfare caseloads have declined; the mothers leaving welfare are working and their earnings have increased; the rates of child poverty fell between 1994 and 2000 (they increased after 2000 but remained below their 1994 level); and child well-being has improved except in the health domain (due to an increase in child obesity). Interestingly, preschool children in families participating in welfare-to-work activities show modest gains in development and behavior, while adolescents experience modest problems in school performance. It is important to keep in mind that the improved financial well-being of female-headed families was also helped by the strong economy of the 1990's, friendlier federal benefit programs, and new programs to help working families. A group

³⁹ Telephone interview with Robert Geen, 4/6/07 (taped).

⁴⁰ Waller, Margy, p. 2.

⁴¹ Ibid, p. 3.

of mothers does exist at the bottom of the income distribution whose members “appear to be floundering under the new and more demanding welfare system.”⁴² Bruce Wagstaff, the Director of Sacramento County’s Department of Human Assistance, says that “The counties that administer TANF are proud of how we implemented the 1996 federal welfare reform law... We formed strong public-private partnerships... [and] changed an entire culture, moving our staff from check-writers who adhere to strict process rules into counselors who assist clients in moving from welfare to work... [and] Instead of speaking of ‘entitlements,’ we speak of ‘self-sufficiency.’”⁴³

Incidentally, predictions were made prior to welfare reform that the changes inherent in TANF would result in more children entering the child welfare system and being removed from their parents. Please note that “While data are limited... there is a strong link between welfare receipt and risk of child welfare involvement, and recent studies have also documented the link between welfare receipt and future child welfare involvement.” This is tied to the fact that “poverty is highly correlated with child maltreatment and involvement in the child welfare system.”⁴⁴ In 2001 The Urban Institute reported finding “no evidence to suggest that welfare reform has significantly increased the number of families referred to child welfare agencies.”⁴⁵ One of the authors of that study confirms that conclusion in 2007: “We have no good evidence to say that welfare reform had a negative impact. Does that mean there isn’t a negative impact? No. It just means we haven’t found any evidence of it. There are probably limited areas where it may have had a negative impact, but we have not done a very good job of finding [the evidence].”⁴⁶

Given the success of welfare reform, could there be similarities between the creation of the welfare block grant and the eventual creation of a child welfare block grant? In short, there are key differences between these programs and situations that preclude welfare reform results from being used to advocate for a child welfare block grant. For example, fewer child welfare waivers have been implemented as opposed to the welfare waivers that had been issued to 43 states prior to welfare reform. In addition, child welfare waivers have for the most part not focused on, nor shown major success regarding, capped allocations. Also, welfare reform mandated time limits; many clients can only be on welfare for five years, while children can be in the child welfare system until they’re 18 years old. It could be difficult to explain that welfare reform via a block grant has been a positive thing but a child welfare block grant may be detrimental; please see the **Recommendations** section of this report for more information about creating child welfare financing messages and what could be communicated if movement surges towards establishing a child welfare block grant.

⁴² Haskins, Ron, p. 7.

⁴³ Wagstaff, Bruce, p. 2.

⁴⁴ Geen, Rob, et al, “Welfare Reform’s Effect on Child Welfare Caseloads,” p. 1.

⁴⁵ Ibid, p. 2.

⁴⁶ Telephone interview with Robert Geen, 4/6/07 (taped).

Child Welfare Waivers

To begin to go into more detail about child welfare waivers that have been issued, the concept of waivers for federal child welfare programs was introduced via Public Law 103-432, which Congress authorized in 1994. ASFA (1997) extended and expanded the authority to use waivers for child welfare programs by authorizing the Secretary of Health and Human Services, under Section 1130 of the Social Security Act, to approve up to ten new demonstration projects per year. In April 2006, child welfare waiver demonstration projects were announced for California, Florida, Iowa, Michigan and Virginia; these waivers are the last to be granted under the authorizing statute as the statute expired on March 31, 2006.⁴⁷

As noted on the ACF website, child welfare waivers were “conceived as a strategy for generating new knowledge about innovative and effective child welfare practices, [and they] grant States flexibility in the use of Federal funds for alternative services and supports that promote safety and permanency for children in the child protection and foster care systems.”⁴⁸ With waivers, states are able to spend federal Title IV-E funds for services other than maintenance payments. Nineteen states have implemented 27 child welfare waiver demonstrations since 1996. Nine of those demonstrations were completed as scheduled; seven of them were terminated early; and eleven of them are still operating under the original waiver, or are under short-term extension, or are under a five-year extension. Eight additional waiver demonstrations in seven states, including CAP in California, have not yet been implemented or were implemented after April 2006.⁴⁹

Some states have used waivers to implement discrete interventions focused on specific child welfare populations, while others have focused or are focusing on using flexible funds to attempt to implement system-wide reforms. Only four states, Indiana, North Carolina, Ohio and Oregon, have implemented capped IV-E allocation waivers; all four of these states have five-year extensions of their waivers, while California and Florida are joining the list of states implementing capped IV-E allocation waivers. Under these demonstration projects, the six states “give counties or other local entities flexibility in spending child welfare dollars for new services and supports in exchange for a capped allocation of Title IV-E funds.”⁵⁰ Waivers other than these six capped IV-E allocation waivers do not involve capped allocations of Title IV-E funds, but rather focus on discrete interventions in various areas, such as assisted guardianship/kinship care, managed care payment systems, services to substance-abusing caretakers, and intensive services options (as in the case of California’s first waiver; please see **California’s Flexible Funding Waiver** section below).

Elliott Graham is the Director of James Bell Associates, a consulting firm contracted by ACF to provide evaluation technical assistance to states implementing Title IV-E Waiver Demonstrations and compile and synthesize subsequent evaluation findings. Graham

⁴⁷ http://www.acf.hhs.gov/programs/cb/programs_fund/cwwaiver/summary_demo2006.htm, http://www.acf.hhs.gov/news/press/2006/five_child_welfare_waivers_April_6.htm.

⁴⁸ http://www.acf.hhs.gov/programs/cb/programs_fund/cwwaiver/summary_demo2006.htm.

⁴⁹ Ibid.

⁵⁰ Ibid.

elaborates further on the difference between the six capped IV-E allocation waivers and other child welfare waivers:

The key distinctions between flexible funding waivers and those focusing on discrete interventions lie in (1) the array of services made available through the waiver and (2) the mechanism for Title IV-E reimbursement. Whereas States with discrete interventions make claims for Title IV-E reimburseable expenses much as they would have without a waiver (except that they may now claim reimbursement for services and supports not normally allowed under Title IV-E), States with flexible funding waivers receive a “lump sum” of IV-E dollars that they may distribute to local jurisdictions as they choose to fund any child welfare services and supports that prevent placement or increase permanency. Although a flexible funding waiver affords greater latitude over how IV-E dollars are spent and distributed, States and local jurisdiction[s] face a heightened financial risk that their lump sum allocations will not cover the costs of providing expanded services and supports as well as their regular obligations for foster care maintenance. Regardless, both flexible funding waivers and waivers for discrete interventions must remain cost neutral to the Federal government.⁵¹

Besides being cost-neutral to the federal government, all waiver demonstration projects “must undergo rigorous program evaluation to determine their efficacy.”⁵² Waiver demonstration projects focusing on capped allocations and funding flexibility will be discussed in further detail below; please see the **Flexible Funding Waivers in Other States, California’s Flexible Funding Waiver, and Florida’s Flexible Funding Waiver** sections later in this report. (Please note that this report uses the term “Flexible Funding Waiver(s),” vs. “Capped Allocation Waiver(s)” in section headings, as the “Flexible Funding Waiver(s)” terminology is the terminology used by the Administration for Children and Families.)

A few of the child welfare stakeholders interviewed for this report offered their opinions as to the effectiveness of child welfare waivers and how their results are used. A representative from San Bernardino county, Legislative and Research Program Manager Kathy Watkins, for example, says: “...to date, we have seen little willingness at the federal level to take lessons learned via the waiver process to make changes to the federal funding structure. For example, several IV-E waivers have demonstrated the improved permanency outcomes achieved by subsidizing guardianship, yet IV-E funding continues not to permit the funding of guardianship as it does for AAP [Adoption Assistance Payments].”⁵³ Jayme White, Legislative Director for Rep. McDermott, strikes a similar chord, saying that Republicans are fond of issuing waivers but “never take the lessons learned to recraft federal policy.” White is not opposed to waivers in theory, saying that much can be learned from the lessons and mistakes of waiver projects. But White says of the flexible funding waiver in California, “We hate it” and doesn’t believe it will be budget neutral.⁵⁴

⁵¹ E-mail from Elliott Graham, 5/14/07.

⁵² http://www.acf.hhs.gov/programs/cb/programs_fund/cwwaiver/summary_demo2006.htm.

⁵³ E-mail from Kathy Watkins, 4/2/07.

⁵⁴ Telephone interview with Jayme White, 3/30/07.

Interestingly, Casey Family Programs, a national foundation whose mission is to provide, improve and ultimately prevent the need for foster care,⁵⁵ has reviewed child welfare waiver demonstration project evaluations to date and concluded that it is too soon to move to a block grant based on child welfare waiver results to date. (In their words, “Our analysis of the waiver evaluations available to date lead one to the inescapable conclusion that it would be premature to move to a level block grant or capped allocation of Title IV-E funding.”⁵⁶) In reaching this conclusion, the Casey report issued in December 2004 found, among other things, that evaluation results were inconclusive or incomplete as to the overall success of the waiver projects; budget neutrality has been a barrier to the success of the projects; and flexibility without increased funding has not significantly improved child well-being.⁵⁷

Other Recent Child Welfare Reforms and Initiatives

In addition to child welfare waivers, reforms and initiatives on both the federal and state level are impacting California and will continue to do so as CAP is implemented. On the federal level, Child and Family Service Reviews (CFSRs) were established in 2000 to ensure compliance with federal child welfare requirements. This new approach to monitoring the performance of state child welfare systems focuses more on the results of services and positive outcomes in contrast to the previous approach, which focused more on ensuring states’ compliance with procedural requirements as evidenced by the accuracy and completeness of case file documentation. CFSRs also provide opportunities for improvement before penalties are imposed, and adopt a partnership approach to conducting reviews: “The Federal Government conducts the reviews in partnership with State child welfare agency staff; peer consultants supplement the Federal Review Team. The reviews are structured to help States identify strengths and areas needing improvement within their agencies and programs.” All 50 states (and the District of Columbia, and Puerto Rico) completed their first review by 2004. No state was “in substantial conformity in all of the seven outcome areas or seven systemic factors.” Since then states have been implementing Program Improvement Plans (PIPs) to correct those outcome areas not found in substantial conformity.⁵⁸

On the California front, AB 1740 established the Child Welfare Services (CWS) Stakeholders Group in 2000. The Stakeholders Group released its final report in September 2003, which outlined the primary “Redesign” objectives of: improving the state’s child welfare system through partnering at the state, county and neighborhood levels to prevent abuse and neglect; acting early to preserve and strengthen families; broadening efforts to restore family capacity; strengthening alternatives to rebuild permanent families for children; systematically preparing youth for success in adulthood; affecting change through workforce excellence; strengthening inter-agency partnerships at the state and local levels; expanding and restructuring child welfare financing; and achieving better outcomes through accountability. Regarding child welfare financing, the Stakeholders Group proposed strategies including seeking approval for the more flexible

⁵⁵ <http://www.casey.org/AboutCasey/>.

⁵⁶ <http://www.casey.org/Resources/Publications/ChildWelfareWaivers.htm>, p. 1.

⁵⁷ Ibid, pp. 1-2.

⁵⁸ <http://www.acf.hhs.gov/programs/cb/cwmonitoring/recruit/cfsrfactsheet.htm>.

use of federal and state funds; restructuring and realigning state support through various fiscal strategies, such as permanent waiver authority, the reinvesting of foster care savings, etc.; developing strategic partnerships with philanthropic groups and First 5 Commissions; and advocating for child welfare financing reform on the national level.⁵⁹ Redesign initiatives were originally rolled out in eleven pilot counties.

In addition, California's 2001 AB 636, also known as The Child Welfare System Improvement and Accountability Act, created a new accountability system known formally as the California Child and Family Services Review (C-CFSR) that is an enhancement of the federal Child and Family Services Review system. The outcomes-based accountability system mandated by AB 636 went into effect in January 2004; key components of the accountability system include quarterly county data reports, county self-assessments, peer quality case reviews, and county System Improvement Plans (SIPs).⁶⁰ These "AB 636 measures" are "changing dramatically" this July, as the number of federal measures increases from six to 17.⁶¹ In terms of promising new practices in the child welfare system, many California counties are testing and/or implementing new ways of doing business such as differential response, structured decision making (SDM), Family Group Decision Making, Family to Family, enhanced community collaboration, Functional Family Therapy (FFT), and Multi-Systemic Therapy (MST). Several of these services will be described in further detail later in this report.

Enhanced prevention services in child welfare are also receiving more focus and attention, both in California and around the country. As Dianne Edwards, Director of the Sonoma County Human Services Department, reported to the House Committee on Ways and Means,

As you will hear often during your examination of [the Bush Administration's foster care proposal], one of the most promising practices is that of increasing "front-end" prevention services for families in order to reduce their further involvement with child protection services. Prevention is not a new concept, but the sharpened focus on front-end services is a significant change. Past efforts to increase these services have been hampered by a lack of flexibility in the federal child welfare financing structure. For example, the funding we receive through Title IV-B can be used for a wide range of activities to protect and reunify families, but it is an insufficient allocation that most California counties exhaust in the first three months of each fiscal year...⁶²

Because counties do spend their Title IV-B prevention monies so quickly every year – a trend reiterated by CDSS and Orange county representatives – the idea of increasing Title IV-B monies has been proposed by child welfare stakeholders such as the Pew Commission and the Child Welfare League of America.⁶³ AJE Partners, a California

⁵⁹ Child Welfare Services Stakeholders Group, "CWS Redesign: The Future of California's Child Welfare Services, Final Report."

⁶⁰ CDSS, et al, "Child Welfare System Improvements in California, 2003-2005: Early Implementation of Key Reforms."

⁶¹ Telephone interview with Barbara Needell, 4/6/07.

⁶² Edwards, Dianne, pp. 1-2.

⁶³ North American Council on Adoptable Children, "The Pew Commission on Children in Foster Care Recommendations"; and <http://www.cwla.org/advocacy/2006legagenda06.htm>.

lobbying group, created a Child Welfare Strategy Group a few years ago to produce a proposal that advocated for the controlled expansion of Title IV-B funds, as well as for ending the AFDC lookback.⁶⁴ Dion Aroner leads AJE Partners, and is a Democrat who represented the cities of Oakland, Berkeley, Richmond and Albany as Assembly Member from California's 14th Assembly District from 1996 until she termed out in 2002. Aroner, who specializes in human services issues such as foster care and welfare reform,⁶⁵ says that the proposal was created so that Democrats in the United States Congress would have an alternative proposal to present to Republicans who were talking about capping Title IV-E around 2003. That discussion "died down in Congress, [as there were] other things to focus on." Aroner reports that "Until very recently there was no movement on the IV-B proposal," although a court oversight committee created by California Assembly Member Karen Bass recently requested the proposal. (The committee will reportedly look at the overlap of the child welfare and juvenile justice systems.) Aroner is a proponent of creating incentives for child welfare agencies to utilize Title IV-B funding, and ultimately "significantly increas[ing] the money" available via IV-B.⁶⁶

On the whole, there has been only limited movement on the front of increasing the capped entitlement that is Title IV-B. In the meantime, Robert Geen offers his perspective on how states utilize Title IV-B in practice, other sources of monies, whether or not funding flexibility leads states to put more money towards prevention services, and how to increase prevention monies:

Many states use IV-B for things other than what you would traditionally think of as prevention. Some states actually use it for out of home placement; states are permitted up to a certain percent to use it [for that]. A lot of Title IV-B goes for child welfare practices that are just ongoing services, for example investigations can be funded out of Title IV-B, and much of it is. I would suggest that the true prevention dollars depending on if you're talking about primary or secondary prevention – most prevention money comes from other departments. For example, the traditional prevention program that people think of is the nurse home visiting program. Most of that is actually funded out of the health department. I would argue there is extremely little direct primary prevention money coming into the child welfare system itself.

...If you want to increase prevention resources in child welfare, how do you do so?
...The argument has been made consistently and overwhelmingly that the reason there aren't a lot of prevention monies in child welfare is that we sink it all into foster care. And that if you created greater flexibility there would be more prevention money. I don't buy that argument [because] states who already have flexibility generally don't put their money into prevention. I don't think states have much confidence in their ability to prevent child abuse and neglect, and they do not have confidence in their ability to prevent foster care placements. So the way that would seem to me to be the most effective to get additional prevention money is to create incentives for states to innovate in the prevention area. Provide matching money, to provide new money that was targeted to prevention, to study prevention programs.⁶⁷

⁶⁴ AJE Partners' Child Welfare Strategy Group.

⁶⁵ http://en.wikipedia.org/wiki/Dion_Aroner, <http://www.ajepartners.com/bios.html>.

⁶⁶ Telephone interview with Dion Aroner, 4/25/07.

⁶⁷ Telephone interview with Robert Geen, 4/6/07 (taped).

Child Welfare Stakeholders

Clearly many parties are involved when it comes to participating in and reforming the child welfare system, and it is helpful to be aware of the various players on the national, state and local levels.

- **Federal Level:** Many of these players have already been named in this report, such as President Bush and his administration, Rep. Jim McDermott,⁶⁸ Sen. Max Baucus, and Rep. Herger. Other advocates for children's issues in general at the federal Congressional level include Sen. Chuck Grassley (R-IA), Sen. Gordon Smith (R-OR), Sen. Mary Landrieu (D-LA), and Senator and Presidential candidate Hillary Rodham Clinton (D-NY). Other stakeholders on the national scene range from the Administration for Children and Families to the Pew Commission, and include various national advocacy groups: the Child Welfare League of America (CWLA), the Center for Law and Social Policy (CLASP), the Children's Defense Fund (CDF), the American Public Human Services Association (APHSA), Alliances for Children, and the Foster Family-Based Treatment Association (FFTA). National-level researchers include Mark Courtney and Fred Wulczyn (Chapin Hall Center for Children at the University of Chicago), Robert Geen (named above), and Mark Testa (University of Illinois at Urbana-Champaign and Director of the Children and Family Research Center).
- **State Level:** Primary child welfare stakeholders in California include CDSS, Governor Schwarzenegger and his administration, state legislators (such as the legislators who proposed AB 636 and CAP), Human Services Committees in both the Legislature and Senate, the Senate Select Committee on Foster Care, and the Assembly Select Committee on Foster Care, of which Assembly Member Karen Bass is the Chair. Please note that Governor Schwarzenegger appointed John Wagner as CDSS Director on April 24, 2007 (the position requires Senate confirmation).⁶⁹ Regarding elected officials in Sacramento, Dion Aroner points out that under former Governor Pete Wilson "California's position was end the [AFDC] lookback. [Gray] Davis' administration provided little leadership, and the same goes for the current administration; the counties are doing it all" in terms of spearheading new programs; "with CWDA [Child Welfare Directors Association] and individual counties – that's where the thinking and experimenting are going on."⁷⁰ Regarding CAP itself, CDSS notes that Assembly Member Chu and 68 co-authors introduced Assembly Joint Resolution No. 10 on March 15, 2005, "that declares the Legislature's strong support for, and urges federal approval of, the California Title IV-E Waiver Demonstration Project."⁷¹

⁶⁸ In addition to his work on The Leave No Abused or Neglected Child Behind Act (H.R. 3576), Rep. McDermott was also one of several representatives who introduced The Child Protective Services Improvement Act (H.R. 1534) in 2003. He was joined in that effort by Reps. Ben Cardin (D-MD), George Miller (D-CA), Charles Rangel (D-NY), Pete Stark (D-CA), and Carl Levin (D-MI) (<http://www.cwla.org/advocacy/financing1534-summary.htm>).

⁶⁹ <http://gov.ca.gov/index.php?/text/press-release/5995/>.

⁷⁰ Telephone interviews with Dion Aroner, 4/25/07 and 5/14/07.

⁷¹ Memo from Greg Rose and Linné Stout, 5/14/07.

Other California stakeholders include the Child Welfare Services Stakeholder Group, the Child Welfare Directors Association of California (CWDA), the State Interagency Team for Children and Youth (SIT), the Foundation Consortium for California's Children and Youth, the California Blue Ribbon Commission on Foster Care, the California Children and Families Association, the California Social Work Education Center, Children and Families First, The David and Lucile Packard Foundation – The Future of Children, and the Child and Family Policy Institute of California, which spearheads the Co-Investment Partnership. California researchers specializing in child welfare issues include Jill Duerr Berrick and Barbara Needell of U.C. Berkeley, while California advocacy groups include the California Alliance of Child and Family Services, California Youth Connection (CYC), the National Center for Youth Law, the Youth Law Center, the Children's Law Center of Los Angeles, and the John Burton Foundation for Children Without Homes.

- Local Level: Stakeholders on the local level in California include county child welfare agencies (including front-line social workers), county Boards of Supervisors (who provide child welfare funding in counties such as Orange and Stanislaus), Children and Youth coalitions on the county level (including First 5 Commissions), children and families already in the system, at-risk children and families, and service providers (e.g., group homes, substance abuse treatment centers, mental health service providers, etc.).
- The Public and the Media: The public tends to take notice of the child welfare system when a tragedy occurs regarding a child (e.g., the deaths of children in Florida a few years ago) and is highlighted by the media. The public may not be aware of the amount of public funds being spent on CWS, nor the complexity of the system's funding structure, initiatives, practices and evaluations, nor the fact that former foster youth experience rates of unemployment and incarceration above those of their peers who have not been in "the system."⁷² Says Greg Rose of CDSS, "I think if you ask the general public about foster care and you told them, did you know the money from the largest fund source, it's an open-ended entitlement, it's good for kids, and it only can be used for board and care, you can't buy a single service with it... people would be shocked."⁷³ Miriam Krinsky, member of the ABA Youth At Risk Commission and former Executive Director of the Children's Law Center of Los Angeles, notes that the "lack of public understanding generally... [is] one of the byproducts of closed systems. I can understand the starting point" vis-à-vis keeping the system "closed" to protect confidentiality, but this approach necessarily results in "public suspicion and lack of understanding" of child welfare issues.⁷⁴

⁷² *San Francisco Chronicle* Editorial, sfgate.com, 11/21/05.

⁷³ In-person interview with Greg Rose, 3/26/07 (taped).

⁷⁴ Telephone interview with Miriam Krinsky, 4/4/07, and e-mail from Krinsky, 5/13/07.

FLEXIBLE FUNDING WAIVERS IN OTHER STATES

As noted above in the **Child Welfare Waivers** section of this report, the only child welfare waivers to utilize capped Title IV-E allocations (prior to the capped allocation waivers in California and Florida) have taken place in Indiana, North Carolina, Ohio, and Oregon. All four states are now in Phase II of their original capped allocation waivers, made possible through five-year extensions of the original waivers. For purposes of this report, surveys were sent to the four states who have completed Phase I of their original capped allocation waivers; two responded, with both North Carolina and Ohio answering the questionnaires in phone interviews. Questionnaires were sent to (and in the case of North Carolina and Ohio, answered by) representatives in Indiana, etc. as named by James Bell Associates, the consulting firm contracted by ACF as noted above. Indiana's Phase I evaluation was conducted by the Institute of Applied Research (in St. Louis, Missouri); North Carolina's was conducted by the Jordan Institute for Families at the University of North Carolina School of Social Work; Ohio's was conducted by The Human Services Research Institute (in Portland, Oregon) in collaboration with Chapin Hall Center for Children at the University of Chicago; and Oregon's was conducted by the Child Welfare Partnership at the Graduate School of Social Work at Portland State University.

From the standpoint of state structure and waiver participation, CAP in California is most like the projects in North Carolina and Ohio as those states are state supervised and county administered. In Indiana and Oregon, Phases I and II of the capped allocation waivers were/are statewide projects. A brief description of the projects in the four original capped allocation waiver states, as found on the ACF website, follows:

- Indiana's project "focuses on building local capacity to provide community-based services and home-based placement alternatives to restrictive institutional placements." Under the project, "a proportion of 'flexible funding slots' [are allocated] to each participating county [Indiana has 92 counties] based on variables such as population size, poverty rates, and number of children in out-of-home placement. A sum of \$9,000 is assigned to each slot to provide any type of service including foster care that may facilitate permanency."⁷⁵
- North Carolina originally implemented the waiver in 17 counties, and Phase II sees the expansion of the demonstration to 21 new counties. During Phase II, "North Carolina continues to explore the use of flexible funds to improve child welfare outcomes... Each participating county receives a capped amount of IV-E funds that may be used flexibly to meet the needs of children and families in the child welfare system. Each county is allowed to develop its own local child welfare initiatives contingent on State approval. Under the State's original waiver demonstration, 16 counties used flexible funds for new contracts with outside service providers while nine counties used the funds to expand or implement new in-house services."⁷⁶

⁷⁵ http://www.acf.hhs.gov/programs/cb/programs_fund/cwwaiver/summary_demo2006.htm.

⁷⁶ Ibid.

- “Under its original waiver, 14 counties in Ohio experimented with a diverse array of managed care strategies to improve child welfare outcomes while controlling child welfare spending.” Participating counties were given “a capped amount of IV-E funds; each county then developed its own strategy for managing expenditures within this allotment. Strategies employed by counties have included establishing capitated or case rate contracts with private social service providers; developing utilization review strategies; and establishing quality assurance procedures.” Phase II of Ohio’s waiver “places less emphasis on managed care and instead focuses on the use of capped allocations of IV-E funds to implement a more specific set of services, including Family Team Meetings; visitations between parents/caregivers and children in out-of-home placement; and services to facilitate and maintain kinship and adoptive placements.”⁷⁷
- “Under Oregon’s original waiver, child welfare agencies in participating counties used flexible funds to provide three categories of services: (1) ‘innovative services,’ such as enhanced visitation, in-home parenting, and early childhood assessments; (2) expansion of existing services, including Family Decision Meetings (FDM), Family Mediation, and Family Resource Worker programs; and (3) emergency one-time payments to prevent foster care placement.” In Phase II of Oregon’s waiver, “the State is continuing its demonstration of the flexible use of title IV-E funds and is undertaking a special study of Family Decision Meetings (FDMs) targeted at families entering Oregon’s child welfare system for the first time.”⁷⁸

All four states, as required, completed process and outcome evaluations, as well as cost analyses. Indiana utilized a matched case comparison evaluation design, “in which each child assigned to a waiver slot was matched with a corresponding non-waiver child based on demographic, geographic, and case-related variables.” Comparison groups designs were used in North Carolina and Ohio; the evaluations “assessed outcomes for families in counties with access to flexible funds against those of families in comparison counties without access to flexible funds. These States selected comparison counties based on variables such as population size, demographic and socio-economic characteristics, and the number of title IV-E eligible children.” Oregon “compared outcomes for a sample of child welfare cases in localities with access to flexible funds with outcomes for a selected sample of cases in localities that did not have access to flexible funds.”⁷⁹

As noted by ACF regarding evaluations of these waivers, “States encountered several special challenges in evaluating the effects of [the states’] flexible funding demonstrations on child welfare and fiscal outcomes,” namely: the failure to identify “logical linkages between specific services or interventions and observed changes in child welfare outcomes.” In addition, local governments who did not have access to flexible funding accessed other funding sources to implement new services similar to those used in areas with access to flexible funds; “incomplete, inconsistent, or delayed

⁷⁷ Ibid.

⁷⁸ Ibid.

⁷⁹ http://www.acf.hhs.gov/programs/cb/programs_fund/cwwaiver/flexfund/execsum.htm.

implementation of demonstration activities and services” made it difficult to measure the effects of the waivers; “Because flexible funding demonstrations are often systemic in nature, encompassing entire geographic regions and serving a wide range of children and families, States were sometimes unable to implement the most rigorous research designs, such as random assignment”; and “Some States’ use of aggregate, county-level evaluation data made it more difficult to isolate the effects of other, non-waiver initiatives on observed child welfare outcomes.”⁸⁰

ACF’s summary of major process findings highlights several interesting process results. Specifically, “The mere availability of flexible funds was not always sufficient to encourage active participation” in the demonstration project by local child welfare agencies, with Indiana and North Carolina noting large disparities in the degrees to which counties used their flexible funds. In addition, cost neutrality proved a challenge for some agencies; “For example, many innovative service projects in Oregon funded through the flexible funding waiver were curtailed, discontinued, or shifted to other funding sources by the State because they failed to remain cost neutral.” The waivers in all four states appeared to positively influence the development of collaborative relationships between government child welfare agencies and social service organizations in the community, although challenges as well as successes were met during the process of establishing service contracts with outside providers. Interestingly regarding services, Indiana families with access to flexible funds received more and a greater variety of services than families without access to flexible funds; in contrast, Ohio families in waiver vs. non-waiver jurisdictions noted few or no differences in the number or diversity of child and family services. Lastly, Indiana and Oregon reported that “inadequate staff training regarding flexible funding rules and procedures had a negative effect on waiver implementation.”⁸¹

A brief summary of outcome findings follows:

- Regarding foster care placement rates, placement avoidance was studied in Indiana, North Carolina and Oregon, and the waivers were associated with a significantly reduced probability of out-of-home placement in all three states.
- Regarding placement duration, Indiana found a significant positive association between the availability of the waiver and shorter stays in foster care placement. North Carolina and Ohio, however, saw no significant effects of their waiver projects on placement duration.
- Regarding permanency rates, Indiana noted that the waiver had a significant positive effect on reunification rates, while Oregon saw no connection between access to flexible funds and the likelihood of children returning home within one year of placement. Ohio found that exits to reunification declined in experimental counties while no significant effects on adoption rates were noted; however, Ohio also saw a statistically significant increase in exits to relative custody in experimental counties. North Carolina saw no conclusive evidence that access to

⁸⁰ Ibid.

⁸¹ Ibid.

flexible funds had an independent positive effect on the likelihood of leaving foster care.

- Indiana, Ohio and Oregon studied maltreatment recurrence, and none of the states saw changes in subsequent maltreatment rates.
- Indiana, North Carolina and Ohio studied foster care re-entry, and access to services paid for with flexible funds had no significant effects in either direction on the likelihood of foster care re-entry.
- Regarding child and family well-being, Indiana found a positive association between access to waiver-funded services and school attendance; none of the other states looked at the effects of its waivers on child well-being outcomes.⁸²

The four states applied varying approaches to studying the cost implications of the waiver. Elliott Graham of James Bell Associates notes that “the comprehensive quality of the cost analyses varies. Some people really struggled” with the task, as it requires substantial time, resources, and technical expertise. Graham adds that the “closest to a real cost-effectiveness study” was provided by Indiana, while other states provided breakdowns of spending patterns or actual costs.⁸³ Gail Collins of the federal Administration for Children and Families echoes that the cost-benefit analyses of the waiver evaluations to date are not the strongest feature of the evaluations. She points out, however, that the ability to spend more flexibly was the main reason why states have participated in this waiver, not to test the cost-effectiveness of services.⁸⁴ Regarding the cost analyses that were conducted for Phase I, Indiana found that its demonstration produced improved child welfare outcomes at the same or reduced costs as traditional child welfare services. North Carolina and Ohio reported that their waivers generated some savings that could be used to offset the costs of additional placement or non-placement related services; in contrast, Oregon concluded that its waiver had little effect on statewide patterns in child welfare spending.⁸⁵

Pertinent information from interviews with Candice Britt, Special Initiatives Coordinator at the North Carolina Division of Social Services, and Dennis Blazey, OCF Finance Officer at the Office for Children and Families, Ohio Department of Job and Family Services⁸⁶ is included here. Britt, for example, points out that the 17 counties in Phase I of the waiver were “completely self-selected” and 75% of the children in care in North Carolina are represented in the 38 counties in Phase II. Regarding comparison counties, some child welfare agency directors expressed doubts about serving as comparison counties. However, serving as a comparison county involved “no formal obligations”; waiver evaluators looked at expenses, tracked outcomes, etc. Britt doesn’t think that the respective political climates during Phases I and II influenced the decision to participate in the waiver. Regarding cost-neutrality, she notes that in Phase II of the waiver, “the numbers of kids coming into care are increasing.” The counties and state hold quarterly

⁸² Ibid.

⁸³ Telephone interview with Elliott Graham, 3/9/07, and e-mail from Graham, 5/9/07.

⁸⁴ Telephone interview with Gail Collins, 3/9/07.

⁸⁵ http://www.acf.hhs.gov/programs/cb/programs_fund/cwwaiver/flexfund/evaluation.htm#analyses.

⁸⁶ Please note that Blazey retired from OCF on March 31, 2007, and thus did not have an opportunity to review a draft of this report.

regional meetings at which fiscal and programmatic outcomes are discussed, and “We are talking right now about what we’re going to do” in terms of increasing caseloads affecting the savings available for flexible funding initiatives. (North Carolina has a reinvestment fund in which money had been built up during Phase I, and representatives are wondering if that fund should be “turn[ed] off” in Phase II.)⁸⁷ Britt reports that there was a bidding process to select an evaluator for the state’s IV-E Waiver Demonstration Project.⁸⁸ Britt reflects that major permanent changes she foresees to funding North Carolina’s child welfare system/the foster care infrastructure after Phase II remains “a huge question,” adding that flexibility in IV-E funding is “really beneficial to counties.” Britt chose not to comment on the possibility of a federal block grant for child welfare services.⁸⁹

Dennis Blazey of Ohio, for his part, reports that the political climate during the application processes for Phases I and II was not a factor at all in terms of influencing Ohio’s decision to participate in the waiver. Regarding the 14 counties who participated in Phase I, they made their decisions to participate based on their prior trends in their foster care populations and how much money the county could expect under the waiver. In terms of other motivations for participating, some counties wanted to try new things, and some saw the waiver as their last chance to reset what they were dissatisfied with in the child welfare systems.⁹⁰

Blazey also describes a successful business model for any flexible funding waiver a state enters with the federal government. In the first phase, i.e., the initial 12-18 months of the waiver, counties should squeeze inefficiencies from their child welfare programs. In the second phase, counties should institute their newly efficient practice, during which time the foster care population hopefully will not grow. In the third phase, Blazey recommends taking the money earned and saved to date and investing in prevention activities. He opines that large jurisdictions have an easier time decreasing costs; for instance, they can squeeze providers to save money. Medium and small jurisdictions, however, are not as efficient at moving staff and saving money.⁹¹

Regarding the waiver evaluation and its results, Blazey reports that the waiver project is no longer cost-effective from an evaluation standpoint; for the one million dollars it costs to do the evaluation, Ohio is not learning that much. Ohio chose its project evaluator through a competitive bid process, and a nominal stipend of \$10,000-\$15,000 per year is available for comparison counties; Blazey describes the evaluation process as an incremental inconvenience for comparison counties.⁹²

Regarding a child welfare services block grant, Barbara Riley, the Deputy Director of the Ohio Department of Job and Family Services, offered these comments to the House

⁸⁷ Telephone interview with Candice Britt, 4/12/07.

⁸⁸ E-mail from Candice Britt, 5/9/07.

⁸⁹ Telephone interview with Candice Britt, 4/12/07.

⁹⁰ Telephone interview with Dennis Blazey, 3/23/07.

⁹¹ Ibid.

⁹² Ibid.

Committee on Ways and Means vis-à-vis President Bush's optional child welfare block grant proposal: "There is little doubt in my mind that federal funding for foster care, as now manifested in Title IV-E, forces a rigidity onto child welfare practice that limits and stifles state and local innovation... I also believe that any flexible funding model must occur in the context of preserving a federal entitlement for foster care maintenance funds, while also creating a more rational array of funding incentives which reward best practice behaviors. Against this backdrop, Ohio would both welcome and embrace many of the elements of the Administration's proposal."⁹³

⁹³ Riley, Barbara, p. 2.

CALIFORNIA'S FLEXIBLE FUNDING WAIVER

Prior to CAP, California participated in one other Title IV-E Child Welfare Waiver Demonstration Project, a project which provided Intensive Services in seven counties. The project, which was approved by DHHS in August 1997, ended in 2004 and allowed the State and selected counties to waive federal and State restrictions on the use of Title IV-E funds. Participating counties used funds flexibly to provide innovative, intensive, individualized services which allowed children to remain at home, return home sooner or to be placed in permanent family settings. California had originally planned to implement and evaluate three new approaches to child welfare services: the Kinship Permanence Component (KPC), the Extended Voluntary Component (EVC), and the Intensive Services Component (ISC). Due to California's implementation of the statewide Kin-GAP Program, and county withdrawals from and low enrollment in EVC, KPC and EVC were not included in the final Project evaluation.⁹⁴ U.C. Berkeley's Center for Social Services Research (CSSR) evaluated ISC, implementing a randomized experimental research design; children enrolled in services were compared to a group of children receiving services as usual.⁹⁵

Ultimately under California's first Title IV-E waiver, Fresno and Riverside Counties implemented a service called Family Group Decision Making (FGDM), while Alameda, Humboldt, Los Angeles, Sacramento, and San Luis Obispo Counties implemented Wraparound services. (In FGDM, families work with service providers to make decisions about what is best for children and families in the child welfare system; similarly, Wraparound services involve the family in question, services providers and others to help the child and family change the child's behavior and increase the self-sufficiency of the family.⁹⁶) CSSR's evaluation included a process study, an impact study, a cost-neutrality study, and a fidelity study; CSSR collected and analyzed data for all of the evaluation activities with the exception of the cost-neutrality study, which was conducted by CDSS.

California's first Title IV-E waiver accomplished one of the primary objectives of the federal requirements of the project, in that children and families fared no worse than if they had received the services that would have been available without the waiver. The evaluation team did not find FGDM to be efficacious in the demonstration projects; families appreciated the intervention, county staff felt the intervention made a difference with their families, etc., but there was no difference between treatment and comparison groups in safety, placement stability and permanence outcomes. Regarding the effectiveness of Wraparound, the evaluation team offered a qualified endorsement of Wraparound services. The evaluation team saw a strong commitment by Wraparound counties to the approach and implementation of the demonstration project. Implementation led to tensions about objectives of Wraparound, however; required a higher workload for case workers; and there was no evidence of increased child safety,

⁹⁴ "California's Title IV-E Child Welfare Waiver Demonstration Project, Intensive Services, Final Report," Introduction and Background, p. 1.

⁹⁵ "California's Title IV-E Child Welfare Waiver Demonstration Project, Intensive Services, Overview of Project and Summary of Final Report," p. 2.

⁹⁶ Ibid, p. 1.

placement stability, or permanence. "...Perhaps the most likely reason for neutral findings [vis-à-vis Wraparound] is the nature of the outcomes selected required by the Waiver," which made it hard to detect positive changes in a relatively short time.⁹⁷ The demonstration project was required to be cost-neutral to the federal government; evaluation team member Jill Duerr Berrick, however, reports that Alameda County overspent by \$2 million for this waiver.⁹⁸

Turning to California's current Title IV-E waiver,

The goals of the CAP match the goals articulated in the federal CFSR outcomes and the California Child and Family Services Review (C-CFSR) and AB636 system. The primary goals are: (a) to improve the array of service for children and families and engage families through more individualized approaches that emphasize family involvement; (b) to increase child safety without an over-reliance on out-of-home care; (c) to improve permanency outcomes and time; and (d) to improve child and family well-being.⁹⁹

CAP was designed to help solve "two immediate problems confront[ing] California's CWS that need to be remedied": federal restrictions on use of IV-E funds "have greatly limited California's ability to improve the CWS system"; and "the Intensive Services Waiver [was] scheduled to terminate July 31, 2004," and CAP would permit the extension of this waiver.¹⁰⁰ Please see the section below entitled **The CAP Evaluation: Is It Strong Enough?** for more information about the primary question to be answered in the CAP evaluation and the "theories of change" behind CAP.

Los Angeles County Department of Children and Family Services (DCFS) was instrumental in getting this latest flexible funding waiver approved. The state of California first pursued the waiver in mid-2004 at the request of DCFS,¹⁰¹ and a Republican member of the Los Angeles County Board of Supervisors, Michael Antonovich, "was instrumental in working with lawmakers in Sacramento and Washington D.C. to finalize the waiver, personally making several last-minute phone calls to legislators to make sure that it was granted."¹⁰² The waiver was ultimately approved in March 2006 with only a few hours left before the deadline. The former director of DCFS, David Sanders, lauded the waiver as "revolutionary... It's absolutely huge. It completely changes the financial incentives within the child welfare system for the state and county." Sanders called the waiver the largest and broadest to date: "We are essentially saying we want to recreate the entire system."¹⁰³ Sanders, incidentally, who had become director of DCFS in March 2003, left DCFS in July 2006 to join Casey Family Programs as Executive Vice President of Systems Improvement.¹⁰⁴

⁹⁷ Ibid.

⁹⁸ In-person interview with Jill Duerr Berrick, 3/19/07.

⁹⁹ April 2007 CAP Evaluation Draft, p. 5.

¹⁰⁰ "State of California Title IV-E Child Welfare Waiver Demonstration Project Proposal," p. 3.

¹⁰¹ Anderson, Troy. *Whittier Daily News* article, 3/31/07.

¹⁰² Los Angeles DCFS Newsletter, Summer 2006.

¹⁰³ Anderson, Troy. *Whittier Daily News* article, 3/31/07.

¹⁰⁴ <http://www.casey.org/MediaCenter/PressReleasesAndAnnouncements/Sanders.htm>.

Regarding the state’s political climate per seeking and gaining approval of CAP, Greg Rose, CDSS Assistant Deputy Director of the Children and Family Services Division, reports that “I think it’s safe to say the [Schwarzenegger] administration was supportive of the idea around flexibility. The legislature actually did the resolution. At the same time the governor’s office was supportive of getting [funding flexibility].”¹⁰⁵ Implementation of this five-year demonstration project “to test the effect of a flexible funding strategy on the Child Welfare System”¹⁰⁶ and that will “allow for federal Title IV-E funds to be expended on children and families who are not normally eligible to be served with Title IV-E”¹⁰⁷ was set to begin on January 1, 2007, but is now slated for July 1, 2007.

All County Information Notice (ACIN) 47-06 provides a description of key program and fiscal initiatives, submission guidelines, technical assistance information, county funding templates, and a “Questions and Answers” document about CAP. The state provided guidelines to assist counties in analyzing and evaluating whether or not to participate in CAP; specifically, ACIN 47-06, dated June 30, 2006, provided templates for counties to estimate Title IV-E funds available during CAP, AAP growth during CAP, and county funds required during CAP.¹⁰⁸ Counties were advised to consider several factors (other than the fiscal factors) during their evaluation process, including but not limited to:

- How county participation in CAP “would support and/or expand practice, programs, and system improvements as identified in the County System Improvement Plan, including how the proposed project strategies will impact specific targeted outcomes”;
- Projected federal and non-federal caseload trends for Child Welfare and Probation cases;
- “Local planning activities and efforts underway for implementing the waiver through engagement with public/private community partners and stakeholders”;
- and
- “New restrictions on claiming Title IV-E imposed by the Deficit Reduction Act of 2005.”¹⁰⁹

Regarding how the CAP funding base was determined, CDSS reports that, “All counties were invited to participate in a meeting to discuss and reach consensus on the capped allocation methodology for the Title IV-E funding. In preparation for the meeting counties were instructed to determine the impact that different allocation methods would have on their county. The meeting was held on January 12, 2005, with nine counties. Ultimately five counties allowed the state to use their numbers to base the methodology on actual data as requested by the federal government”¹¹⁰ (please see the **Non-Participatory Counties** section below for more information on these five counties). As

¹⁰⁵ In-person interview with Greg Rose, 3/26/07 (taped).

¹⁰⁶ ACIN 47-06, p. 1.

¹⁰⁷ ACIN 47-06, Attachment D, p. 6.

¹⁰⁸ ACIN 47-06 available at http://www.childsworld.ca.gov/TitleIV-EC_2443.htm.

¹⁰⁹ ACIN 47-06, pp. 1-2.

¹¹⁰ Memo from Greg Rose and Linné Stout, 5/14/07.

reported by representatives from the Los Angeles Department of Children and Family Services (DCFS), the base amount for the Title IV-E funds “is the three-year average of foster care administrative and assistance payments excluding training, licensing, and SACWIS¹¹¹ for Federal Fiscal Year (FFY) 2003 through 2005. The base amount will be increased by two percent for FFYs 2006 and 2007, and by two percent each year thereafter, for the five years of the project.” In addition, federal funds for costs associated with training, licensing, or SACWIS “will be paid through current processes,” and “The process to pass IV-E funds for Probation will not change... Counties may need to amend the current MOU to allow Probation the flexible use of the funds allocated under the CAP.”¹¹²

DCFS representatives add that regarding the state portion of Title IV-E funding during CAP, “The State funding was established in Fall 2007 as the results of negotiations between the participating counties... and CDSS. The California Health and Human Services Agency and Department of Finance made the final decisions with regards to the Administration budget being set at the FY 06-07 planning allocation and the Assistance Payment budget being set at the FY 05-06 actual expenditures.”¹¹³ Los Angeles representatives further report regarding state funding, “The state funds for Admin will grow at 2% annually, but the Assistance Payments will have no growth.”¹¹⁴

As reported in ACIN 47-06, CAP includes an annual increase of 15 percent in FFY 2006 and in each of the five years of the demonstration for the Adoption Assistance Program.¹¹⁵ To explain Adoption Assistance Payments further, “Adoption assistance payments to the State on behalf of participating counties shall continue as a matching program [i.e., as an entitlement] up to the cost neutrality cap as provided herein.”¹¹⁶ That cost neutrality cap is calculated as indicated above, and “The State shall be responsible for payments exceeding the cumulative five year threshold.”¹¹⁷

As an example of what CAP can mean for a county in terms of funding, Los Angeles used the templates provided by CDSS in ACIN 47-06 to estimate that participating in CAP would mean that from Federal Fiscal Years 2006-07 through 2010-11, the county will receive **\$206,321,067 in federal funds for foster care** that Los Angeles otherwise would not have received. In addition, the county estimated that it will receive **\$121,500,955 in federal funds in Adoptions Assistance Payments** that Los Angeles otherwise would not have received. Parts of Los Angeles’ projections from the LA DCFS website are reprinted below.¹¹⁸ While these are projected figures, Los Angeles representatives reported on May 3, 2007 that “Overall, the figures are approximately the same. The biggest change is that the federal government is lowering the base amount by

¹¹¹ SACWIS stands for Statewide Automated Child Welfare Information Systems (<http://www.acf.hhs.gov/programs/cb/systems/sacwis/about.htm>).

¹¹² E-mail from Susan Kerr, Mitch Mason and Alan Weisbart, 4/26/07.

¹¹³ Ibid.

¹¹⁴ E-mail from Susan Kerr, Mitch Mason and Alan Weisbart, 5/3/07.

¹¹⁵ ACIN 47-06, Attachment D, p. 3.

¹¹⁶ DHHS, “Waiver Authority; State: California,” p. 15.

¹¹⁷ Ibid.

¹¹⁸ Source: County Funding Template, <http://dcfs.co.la.ca.us/aboutus/titleIVE.html>.

\$11.2 million due to the elimination of Child Protection Hotline costs from the baseline since those costs are no longer funded by Title IV-E.”¹¹⁹

C. Use this part to examine the impact of not participating in the Title IV-E CAP versus participating in the Title IV-E CAP.

FOSTER CARE - FEDERAL SHARE

Federal Fiscal Year	Expenditure Trend Without IV-E CAP	2% Growth Title IV-E CAP	Annual Difference
2005/06	\$ 335,587,001	\$ 364,586,708	\$ 28,999,707
2006/07	\$ 338,942,871	\$ 371,878,442	\$ 32,935,572
2007/08	\$ 342,332,299	\$ 379,316,011	\$ 36,983,712
2008/09	\$ 345,755,622	\$ 386,902,331	\$ 41,146,709
2009/10	\$ 349,213,179	\$ 394,640,378	\$ 45,427,199
2010/11	\$ 352,705,310	\$ 402,533,186	\$ 49,827,875
Cumulative Total for FFY 2006/07 - 2010/11	\$ 1,728,949,282	\$ 1,935,270,348	\$ 206,321,067

Source: County Funding Template, <http://dcfs.co.la.ca.us/aboutus/titleIVE.html>.

B. Use this part to examine the impact of not participating in the Title IV-E CAP versus participating in the Title IV-E CAP.

ADOPTIONS ASSISTANCE PAYMENT - FEDERAL SHARE

Federal Fiscal Year	Federal Expenditure Trend Without IV-E CAP	15% Growth IV-E Capped Grant	Annual Difference
2005/06	\$ 108,454,636	\$ 112,362,911	\$ 3,908,275
2006/07	\$ 120,384,646	\$ 129,217,347	\$ 8,832,702
2007/08	\$ 133,626,957	\$ 148,599,950	\$ 14,972,993
2008/09	\$ 148,325,922	\$ 170,889,942	\$ 22,564,020
2009/10	\$ 164,641,773	\$ 196,523,433	\$ 31,881,660
2010/11	\$ 182,752,368	\$ 226,001,948	\$ 43,249,580
Cumulative Total for FFY 2006/07 - 2010/11	\$ 749,731,666	\$ 871,232,621	\$ 121,500,955

Source: County Funding Template, <http://dcfs.co.la.ca.us/aboutus/titleIVE.html>.

CAP includes an opt-out clause that “allows the state or any county to cease participation at the end of any quarter if it deems the project is not beneficial.”¹²⁰ No penalty exists for a county who elects to opt out of the waiver early, but in that case “there will be a reconciliation of funds and the county must implement a transition strategy, including the required waiver demonstration project phase-down plan and, if necessary, county reimbursement of federal funds that may be owed as a result of the opt-out.”¹²¹

Regarding what happens at the end of CAP if the counties participate in CAP for the full five years, Attachment D of ACIN 47-06 states that “All counties [participating in CAP]

¹¹⁹ E-mail from Susan Kerr, Mitch Mason and Alan Weisbart, 5/3/07.

¹²⁰ ACIN 47-06, Attachment D, p. 4.

¹²¹ Ibid, p. 6.

are required to have a plan to phase-down and end the waiver demonstration project to ensure that children remain safe and needed services will continue. At the end of the five-year waiver demonstration, the counties would then be required to meet the current laws and regulations regarding the use of Title IV-E.”¹²²

As part of its analysis of California’s 2007-08 Health and Social Services budget, the non-partisan Legislative Analyst’s Office (LAO) includes a section on “Balancing the Risk and Potential of the Federal IV-E Waiver Project.” The LAO points out that:

Because the waiver shifts funding from an open ended entitlement to a capped allocation, it could pose a financial risk to participating counties. If project strategies do not produce the anticipated reduction in foster care and resulting cost avoidance, participating counties may be unable to provide the foster care services within the capped funding level. Some of this risk is the risk of external factors, over which neither the state nor the counties have any control. For example, significant increases in a particular type of substance abuse or other unforeseen social or policy changes could create conditions leading to higher rates of child abuse and neglect or demand for foster care placement during the five-year period. If this occurs, and a participating county overspends its cap, there could be pressure on the state to make up the difference. Though the final MOUs with the counties had not yet been implemented at the time this analysis was prepared, it appears that the Department of Social Services (DSS) has placed the liability for all costs that exceed the federal cap on the counties.¹²³

The LAO also points out that “The federal funding waiver presents a significant opportunity for the state to meet a number of its most important goals with respect to child welfare programs.” The LAO recommends that the Legislature offer an emergency reserve fund to the waiver counties “that could be triggered by an increase in foster care caseload, if it occurs.” This reserve fund would consist of the slated increase in foster care assistance payments by approximately one percent, which waiver counties will not receive under CAP.¹²⁴

Non-Participatory Counties

CAP could have been implemented in up to 20 counties, yet only two of California’s 58 counties elected to participate. For the purposes of this report, ten counties who chose not to participate in CAP were sent questionnaires. These counties – Contra Costa, Humboldt, Orange, Riverside, Sacramento, San Diego, San Francisco, San Bernardino, Stanislaus and Yolo – represent counties of different sizes and with different experiences. For example, Contra Costa, Orange, Riverside, Sacramento, San Diego, San Francisco and San Bernardino are considered, like Los Angeles and Alameda, to be “large counties,” while Humboldt, Stanislaus and Yolo are in the “medium counties” category. (The National Youth Center for Law divides the state into 16 small counties, 28 medium counties, and 14 large counties.) In addition, Alameda, Los Angeles, Orange, Sacramento and San Francisco were the five counties who agreed to let the State use their county’s data to provide examples of the projected capped allocation¹²⁵ during the state’s

¹²² ACIN 47-06, Attachment D, p. 9.

¹²³ LAO “Health & Social Services 2007-08 Analysis,” pp. C-163 - C-164.

¹²⁴ Ibid, p. C-164 - C-165.

¹²⁵ “3.11.05 DHHS IV-E Waiver Cover Letter” from Bruce Wagstaff, CDSS, to Susan Orr, ACF.

consideration of CAP. Riverside, Humboldt and Sacramento, as well as Alameda and Los Angeles, were among the seven counties who participated in California's first IV-E Waiver.

Out of the ten counties who were e-mailed questionnaires, seven responded. Orange and Stanislaus counties answered the questionnaires in phone interviews, and Humboldt, Riverside, San Francisco, San Bernardino and Yolo responded via e-mail. (Contra Costa and San Diego declined to participate, and Sacramento did not respond to the questionnaire.) Questionnaires were sent to the directors of the children and family services departments in the counties and were answered either by them and/or the analysts who had conducted the analyses of whether or not to participate in CAP. The answers provided by the seven counties are summarized below by question area.

How and why did these counties choose not to participate in CAP?

Using the CDSS guidelines noted above, counties completed cost-benefit analyses and population projections that led them to conclude that participating in CAP was not in their best interests. The following four reasons for not participating in CAP were the reasons most cited by the seven counties surveyed:

- 1) **The counties would have lost money (Orange, San Bernardino, San Francisco, Stanislaus).** Orange estimated that participation in CAP would have cost the county \$30M¹²⁶, while Stanislaus estimated their county losses at \$13M.¹²⁷ As San Bernardino reported, "Our decision to participate was purely a fiscal one... we ran the numbers through the fiscal impact spreadsheet that DSS Fiscal provided to all counties to determine if we could at least break even under a CAP. We could not."¹²⁸ San Francisco noted that its "rising administrative costs" would not have been covered.¹²⁹
- 2) **The counties had already made many program changes and/or instituted practices that they didn't anticipate could be significantly improved (Orange, Riverside, San Bernardino, Stanislaus).** Orange reported, "We had already reduced our numbers of children in foster care, so we didn't have a lot of movement to go in that area. We were disadvantaged by doing well early."¹³⁰ Similarly, Stanislaus, after seeing "an explosion of children in care" in the early 1990's, had instituted program collaboration among five departments (Social Services, Mental Health, Health, County Administrative Office, and Probation), looked at "every creative and innovative investment of funds," and utilized Board County general funds to fully leverage and augment State and Federal allocations. Over time Stanislaus decreased the number of children in care from approximately 800 in FY 1994-95 to 514 in FY 2006-07.¹³¹ San Bernardino cited

¹²⁶ Telephone interview with Mike Riley, 4/4/07 (taped).

¹²⁷ Telephone interview with Patrice Dietrich, 3/28/07.

¹²⁸ E-mail from Kathy Watkins, 4/2/07.

¹²⁹ E-mail from Leo Levenson, 3/21/07.

¹³⁰ Telephone interview with Ingrid Harita, 4/4/07 (taped).

¹³¹ Telephone interview with Patrice Dietrich, 3/28/07, and e-mail from Dietrich, 5/10/07.

its very low removal rates “in comparison to our number of ER investigations and in comparison to LA county which had a higher removal and filing rate for ER investigations.”¹³² Riverside noted that the county already “takes stringent efforts to avoid unnecessary removal of children,” and already “was/is in the process of implementing a number of other alternative prevention strategies.”¹³³

- 3) **The counties’ foster care caseload numbers were increasing (Humboldt, Yolo) or the counties were concerned about future population changes (Riverside).** Riverside is “one of the fastest growing counties in California,” and the county was concerned that its allocation “would not be enough to serve our County’s need.”¹³⁴
- 4) **The counties already have noteworthy flexibility and/or local support (Orange, San Francisco, Stanislaus).** In addition to the money and support from the Boards of Supervisors in Orange and Stanislaus, San Francisco notes that the City/County “has been fortunate to have the support of the Mayor and Board of Supervisors and people of San Francisco for the use of substantial local funding in support of children’s programs. We already have more flexible funding available than most counties for initiatives related to improving our Child Welfare programs. This means we did not need to take the risk of accepting the IV-E waiver in order to have the chance of getting more flexible resources.” The local funding mentioned above consists primarily of City and County General Fund money and a “relatively small amount of foundation grant support.”¹³⁵

Did the political climate influence the counties’ decision to participate in CAP?

Five counties answered this question with a simple no (Humboldt, Riverside, San Francisco, Stanislaus, Yolo). Orange did not take the idea to its Board of Supervisors and San Bernardino “did not proceed to a political analysis”¹³⁶ as the fiscal case for participating in CAP could not be made.

Are these counties open to serving as comparison counties in the CAP evaluation?

Six counties responded to this question; some expressed interest in possibly serving as a comparison county but needed more information about what that would entail. Riverside “would need to evaluate the administrative burden of the workload. If UC Berkeley would be completing the data retrieval and analysis with Riverside data, this would increase our willingness to serve as a comparison county.”¹³⁷ Yolo “would consider” serving as a comparison county,¹³⁸ while Orange thought it would be “difficult for us to participate” and “would have to hear from the state what that would entail.”¹³⁹ Humboldt, San Bernardino and San Francisco thought they may not make strong

¹³² E-mail from Kathy Watkins, 4/2/07.

¹³³ E-mail from Jennie Pettet, 4/4/07.

¹³⁴ Ibid.

¹³⁵ E-mail from Leo Levenson, 3/21/07.

¹³⁶ E-mail from Kathy Watkins, 4/2/07.

¹³⁷ E-mail from Jennie Pettet, 4/4/07.

¹³⁸ E-mail from Diana Williams, 3/30/07.

¹³⁹ Telephone interview with Mike Riley, Mike Ryan, 4/4/07 (taped).

comparison counties, although San Bernardino “may be open” and would have to “consider [the] workload impact.”¹⁴⁰

What other alternative prevention strategies have these counties explored/are they exploring?

Strategies and programs named included *Family to Family* (named by Orange, Riverside, San Bernardino, San Francisco), a reform initiative spearheaded by the Annie E. Casey Foundation that includes the “strengthening the network of families available to care for abused and neglected children in their own communities.”¹⁴¹ Counties also named *differential response* (Humboldt, Orange, Riverside, San Francisco), a strategy which permits individualized responses to meet a family’s unique needs, resources and circumstances;¹⁴² *Team Decision Making* (Orange, Riverside, San Francisco), a model that brings together caseworkers, birth families, and service providers to discuss placement decisions regarding children;¹⁴³ and *Wraparound* (Orange, San Francisco, Yolo), which seeks to keep children out of foster homes by surrounding the children and their birth families with appropriate services.¹⁴⁴ Please note that these strategies and programs may be at different stages of implementation in different counties.

Unique prevention programs named by county representatives include: Orange’s plans to begin a voluntary Family Reunification program and its (already established) First Step facility, a facility that helps divert children from entering foster care by providing a safe environment for 23 hours as caseworkers seek relatives or non-relative extended family members with whom to place the children; Riverside’s Family Preservation Court, a court-based substance abuse program for families who were referred to children’s services but did not have their child(ren) removed; and Stanislaus’ Families in Partnership, which draws on local match funds (such as funds provided through Proposition 10) to serve high-risk families with coordinated services drawing on resources and practices from multiple agencies (Child Welfare, Health Services, Probation, etc.).

Among the counties that answered the question of whether or not they advocate for increased Title IV-B funds, three (Orange, Riverside and Stanislaus) said no. San Bernardino reports having “advocated for increased IV-B funding at the federal level... through CODA and APHSA [American Public Human Services Association].”¹⁴⁵

How do these counties perceive the changes in county funding of child welfare over time, i.e., changes in the balance between federal, state, and county funding?

Beyond the local financial support for Orange, San Francisco and Stanislaus noted above, several counties mentioned the trend of an increased county share towards child welfare

¹⁴⁰ E-mail from Kathy Watkins, 4/2/07.

¹⁴¹ <http://linux1900.dn.net/initiatives/familytofamily/>.

¹⁴² <http://www.cwsredesign.ca.gov/res/pdf/CWSReport.pdf>.

¹⁴³ <http://www.f2f.ca.gov/team.htm>.

¹⁴⁴ http://www.childsworld.ca.gov/Family-Cen_318.htm.

¹⁴⁵ E-mail from Kathy Watkins, 4/2/07.

funding. As Riverside summarizes, “Since the 1990’s counties have been required to pick up a larger share of cost for programs.”¹⁴⁶ Yolo elaborates:

Whenever there is a state budget crisis, more and more of the cost that normally the state would absorb is being passed down to the county level. There have also been programs that the federal government funds, but the state doesn’t participate in, for example the paying of child care for foster parents. The dilemma with this one, is with our non-fed kids. If the state doesn’t participate, the feds won’t pay for the child, so the entire portion of what would be state/county is shifted to the county... [and] the criteria for fed vs. non-fed kids hasn’t changed in 20 some years.¹⁴⁷

San Bernardino noted: “We believe it is critical that there is a federal fix to the linkage of AFDC-FC to the 1996 levels.” The county added that California has invested in Kin-GAP, but “this is another area that federal IV-E participation should be made, which would free up state dollars for more re-investment in prevention and early intervention.”¹⁴⁸

What are these counties’ thoughts on a child welfare block grant, including suggestions for improving the federal funding of child welfare?

Orange, San Bernardino and San Francisco offered the most detailed responses to this question. Orange representatives had different opinions about the likelihood of a child welfare block grant, with Mike Riley and Ingrid Harita describing it as a possibility; Harita said Orange would be “disadvantaged if [block grant funding] was based on the current child welfare population because that’s not going to get better.”¹⁴⁹ Mike Ryan of Orange, in contrast, doesn’t think a block grant is a possibility, specifically with regards to how results from CAP could be used to advocate for a block grant. As only two counties are participating in CAP “it’s real reflective that it wasn’t a good waiver for the majority of counties.”¹⁵⁰

San Bernardino pointed out that a block grant “may not all be positive for states given that in some areas, such as Independent Living Programs, states are now experiencing underfunding and a block grant may not be responsive to unanticipated growth factors.” In addition, given the federal government’s new measures and increased outcomes, there is currently a “very real risk of fiscal penalties, with no increase in current funding. That is a risky climate in which to enter a block grant.”¹⁵¹

San Francisco offered a specific suggestion, saying:

It would greatly reduce administrative work and simplify claiming if we could scrap the income threshold and get a system where the feds support 50% of costs without regard to family circumstances of removal... Or if we had a bargain where the feds opened up eligibility but reduced the percentage in some neutral way – e.g., provided 45%

¹⁴⁶ E-mail from Jennie Pettet, 4/4/07.

¹⁴⁷ E-mail from Diana Williams, 3/30/07.

¹⁴⁸ E-mail from Kathy Watkins, 4/2/07.

¹⁴⁹ Telephone interview with Ingrid Harita, 4/4/07 (taped).

¹⁵⁰ Telephone interview with Mike Ryan, 4/4/07 (taped), and e-mail from Ryan, 5/9/07.

¹⁵¹ E-mail from Kathy Watkins, 4/2/07.

reimbursement to all child welfare cases, with no income threshold resulting in [the] same current federal dollars, that would be an improvement.¹⁵²

Demographic Snapshot

Turning away from non-participatory counties but before looking at the CAP plans of Los Angeles and Alameda, it is useful to get a sense of the demographic context of California, Los Angeles, and Alameda. The U.S. Census Bureau reports that in 2005 the population of California was 36,132,147; this was a 6.7% increase from 2000, when California’s population was 33,871,648. The following table includes additional information about demographics of interest in California and the two CAP counties.

Table 1: 2005 Population Statistics

	California ¹⁵³	Los Angeles ¹⁵⁴	Alameda ¹⁵⁵
Population	36,132,147	9,935,475	1,448,905
Persons under 18 years old, %	26.9%	27.6%	25.1%
White persons, %	77.0%	74.1%	56.9%
Black persons, %	6.7%	9.7%	13.8%
Persons of Hispanic or Latino origin, %	35.2%	46.8%	20.8%
Persons below poverty, % (2003)	13.8%	17.7%	10.7%

When it comes to children in the foster care system, a review of data from CDSS shows that Los Angeles’ rate of children in care is above the state average, while Alameda’s is slightly below the state average. The statistics in Table 2 are drawn from the January 2007 reports on the CDSS website. The “Updated Rates” reflect rates that were run from more recent data extracts than those that were originally posted on the website.¹⁵⁶

¹⁵² E-mail from Leo Levenson, 3/22/07.

¹⁵³ <http://quickfacts.census.gov/qfd/states/06000.html>.

¹⁵⁴ <http://quickfacts.census.gov/qfd/states/06/06037.html>.

¹⁵⁵ <http://quickfacts.census.gov/qfd/states/06/06001.html>.

¹⁵⁶ http://www.childsworld.ca.gov/StatewideC_2013.htm.

Table 2: Number and Rate of Children in Foster Care¹⁵⁷

	Number <i>California</i> <i>Los Angeles</i> <i>Alameda</i>	Original Rate per 1,000 <i>California</i> <i>Los Angeles</i> <i>Alameda</i>	Updated Rate per 1,000 <i>California</i> <i>Los Angeles</i> <i>Alameda</i>
July 1, 2006	77,513	7.6	---
	25,840	8.8	---
	2,714	7.2	---
July 1, 2005	78,960	8.1	7.8
	26,914	10.0	9.2
	2,922	7.9	7.8
July 1, 2004	81,351	8.4	8.0
	28,841	10.5	9.9
	3,226	9.7	8.6
July 1, 2003	85,964	8.9	8.5
	31,531	11.3	10.9
	3,650	10.9	9.6

Please note that Los Angeles’ foster care population is approximately one-third of the entire foster care population of the state of California. In addition, please note that the state as a whole, and Los Angeles and Alameda, have been experiencing declining foster care populations. Greg Rose of CDSS says that the Kinship Guardianship Assistance Payment (Kin-GAP), which became available to children exiting the dependency system beginning in January 2000 and provided funding for them to live with a relative legal guardian,¹⁵⁸ has some 14,000 children in it and is “probably the largest reason you can put your hand on” for the state’s declining foster care caseload.¹⁵⁹ As Professor Jill Duerr Berrick of U.C. Berkeley points out, however, Kin-GAP didn’t “stem the flow of kids entering the system with lots of prevention services, [the decline] wasn’t because we reunited all sorts of kids with their moms – we simply created a funding stream for kids who used to be under our supervision to be out of our supervision in the homes of their grandmas.”¹⁶⁰

The National Center for Youth Law, a law and advocacy group for low-income children that publishes child welfare reports and analyses, used CDSS data in an April 2006 report to rank California’s counties in order of how well they meet federal and state performance measures. The measures are recurrence of abuse or neglect; incidence of child abuse and/or neglect in foster care; foster care re-entries; stability of foster care placements; length of time to reunification; and length of time to adoption. Among all California counties, Los Angeles ranks 36th and Alameda ranks 27th.¹⁶¹ Please note that CDSS advises that “Comparison of data across counties should be done with caution.

¹⁵⁷ Statewide, Los Angeles County and Alameda County reports from http://www.childsworld.ca.gov/CDSSCounty_1954.htm.

¹⁵⁸ http://www.childsworld.ca.gov/KinshipGua_2248.htm.

¹⁵⁹ In-person interview with Greg Rose, 3/26/07 (taped).

¹⁶⁰ E-mail from Jill Duerr Berrick, 3/28/07.

¹⁶¹ NCYL, “Broken Promises,” pp. 1 and 11.

First, counties may have different data management practices [which] may influence outcome measures... Second, the social and economic contexts within which child welfare services are provided vary widely among the 58 counties of California.”¹⁶² NCYL heeds this caution but points out that “county comparisons are informative and can lead to useful programmatic changes. Indeed, AB 636 was enacted to establish greater accountability among the counties and to allow for comparisons among them.”¹⁶³

Los Angeles

Los Angeles County Department of Children and Family Services (DCFS)

Last fall, Susan Kerr was named DCFS’ Chief Deputy Director; Kerr had oversight over the finalization of the county’s five-year CAP plan, which was approved by the Los Angeles Board of Supervisors on April 17, 2007.¹⁶⁴ Kerr works closely on CAP with CDSS, Los Angeles’ Probation Department, community providers, and the Board of Supervisors, while Mitch Mason, DCFS’ Chief of Governmental Relations, was “one of three primary’s for the waiver for the past four years.”¹⁶⁵ Alan Weisbart is the county’s CAP Evaluation Liaison. Kerr, Mason and Weisbart answered a survey sent to them in mid-March via e-mail (and answered brief follow-up questions sent via e-mail), and their answers are referenced below.

Kerr, Mason and Weisbart say that the political climate during the CAP application processes influenced the decision to participate, elaborating:

Los Angeles County was undergoing changes that were resulting in a dramatic reduction of the number of children being placed and maintained in out-of-home care as well as a reduction in the average length of stay that children were in care. Meanwhile, the county was increasing the number of children being provided services in their own homes to prevent removal and the reliance on the use of out-of-home care. The need to shift funding from primarily supporting the use of out of home care to more preventive services was a major driver in the movement to support the waiver.¹⁶⁶

DCFS’ analysis prior to implementing CAP included conducting numerous cost-benefit analyses over the course of the three-year planning period before the federal Department of Health and Human Services awarded the waiver to CDSS. DCFS also reports having reviewed the flexible funding demonstration projects in Indiana, North Carolina, Ohio and Oregon “during the early phases of the waiver planning.” DCFS representatives have had two conference calls with Florida over the past year, “but have not had staff resources to regularly track their progress in planning and implementation.” Executive staff members anticipated networking with representatives from other states at May 2007’s Demonstration Project Conference in Arlington, Virginia.¹⁶⁷

¹⁶² http://www.childsworld.ca.gov/CDSSCounty_1954.htm. Please see introductions to county data reports.

¹⁶³ NCYL, “Broken Promises,” p. 15.

¹⁶⁴ E-mail from Mitch Mason, 4/18/07.

¹⁶⁵ E-mail from Mitch Mason, 3/20/07.

¹⁶⁶ E-mail from Susan Kerr, Mitch Mason and Alan Weisbart, 4/26/07.

¹⁶⁷ Ibid.

DCFS representatives report that prior to CAP, efforts to promote additional flexibility in funding with the county's Chief Administrative office, Board of Supervisors, and the state (CDSS) "have been moderately successful at both the county and State level." Increased Title IV-B funding is not something DCFS has advocated for "given the political and fiscal climate at the federal level."¹⁶⁸

Regarding support of the waiver by DCFS over the years, which could have faltered in light of changes in department leadership, support of the waiver by both DCFS and the Board of Supervisors has reportedly been consistent over the years. Periods before final approval of the waiver included times "when the estimated funds available for reinvestment were lower than previously expected and enthusiasm waned somewhat, but there has been continued commitment by the Board of Supervisors and Department leadership throughout the four years that the waiver has been considered... To [our] knowledge there has been no period when Los Angeles seriously considered not implementing the CAP waiver."

DCFS regularly updated all Department staff on the waiver's status, via its internal and external websites, employee newsletter, and monthly management meetings, "from the time we initially approached the State with our waiver plan." DCFS also reports having conducted over 100 community forums in summer 2006 "to generate community stakeholder input." DCFS representatives indicate that whatever provider resistance to the waiver that may have existed has been worked through: "The Association of Community Human Services Agencies, of which several of our providers are members, raised the most concerns about the waiver; however, we were able to successfully work with them to address those concerns."¹⁶⁹ When asked to elaborate on these concerns, DCFS representatives reported that "ACHSA's overarching concern was that there would not be adequate community based resources to meet the needs of children removed from out-of-home care as a result of our goal to reduce our reliance on the use of placement services. We continue to work with ACHSA and the California Alliance of Child and Family Services on their Residentially Based Services re-design which includes restructuring rates for such services."¹⁷⁰

It appears that CAP will continue to be an initiative with strong community involvement as it evolves:

We anticipate that the County Board of Supervisors and advocacy groups will continue to be closely involved with the Department during the entire five year period of the waiver term. Both the Board and advocates are carefully watching our progress in implementing the priority initiatives and, as this is a test of the capped allocation funding methodology, we fully expect very close fiscal monitoring to ensure that we maintain the cost neutrality of the funding.¹⁷¹

¹⁶⁸ Ibid.

¹⁶⁹ Ibid.

¹⁷⁰ E-mail from Susan Kerr, Mitch Mason and Alan Weisbart, 5/3/07.

¹⁷¹ E-mail from Susan Kerr, Mitch Mason and Alan Weisbart, 4/26/07.

DCFS representatives elaborated on this “very close fiscal monitoring” by saying that “Our Department as well as our Probation Department will be monitoring the fiscal aspects of the waiver very closely and anticipate that our County Chief Administrative Office, Board of Supervisors and CDSS will be monitoring us closely. We anticipate that stakeholders will continue to show strong interest in the fiscal aspects of the waiver.”¹⁷²

What does Los Angeles plan to do under CAP? According to Los Angeles’ *CAP Five Year Plan*, which can be found at <http://dcfs.co.la.ca.us/aboutus/titleIVE.html>, CAP gives the county the opportunity to build on current system changes, “enhanc[ing] an array of current programs and services for all County youth identified as at risk for out-of-home care by the Department of Children and Family Services (DCFS) and Probation.”¹⁷³ Current programs slated for expansion include Point of Engagement (DCFS’ redesigned CWS case delivery system), Multi-Disciplinary Assessment Teams, voluntary services, Family Team Decision Making, neighborhood and community partnerships (aka collaborations), and many other programs. The plan also includes “priority activities” that DCFS and Probation have identified that “they will focus on developing and implementing during the first year of the Waiver.” These priority activities include priorities that affect both the child welfare (“dependent”) and probation (“delinquent”) populations; priorities that are specific to the child welfare population; and priorities that are specific to the probation population.¹⁷⁴

DCFS representatives described the changes that have already occurred at the department as the July 1, 2007 CAP implementation date approaches.

During the past four years, the Department has undergone a major reform effort. We have established our key three outcomes of improved safety, improved timelines to permanency and reduced reliance on the use of out of home care. We have developed five key strategies to assist us in achieving these outcomes, which have been extremely successful and tested several of the priority initiatives that we will be implementing in the first year of the waiver. These strategies are:

- Point of Engagement
- Family Team Decision Meetings
- Structured Decision Making
- Concurrent Planning Redesign
- Permanency Partners Program

[In addition,] In the last month, we have selected a Deputy Director to take [the] lead on the waiver implementation and will dedicate additional staff to work full time on implementation. We have partnered with Casey Family Programs in this effort and have consulted with the Chicago Center for Child Welfare Strategies who have expressed interest in working with us as we ramp up for full implementation.¹⁷⁵

The roll-out of CAP is described as “gradual... Given the scope of our plan and the multiple initiatives included, we must incrementally expand existing programs and build new programs as saving reinvestment funds become available.” As for staff training vis-

¹⁷² E-mail from Susan Kerr, Mitch Mason and Alan Weisbart, 5/3/07.

¹⁷³ Los Angeles County DCFS, *Los Angeles County Title IV-E Capped Allocation Demonstration Project (CAP) Five Year Plan*, p. 4.

¹⁷⁴ *Ibid.*, p. 8.

¹⁷⁵ E-mail from Susan Kerr, Mitch Mason and Alan Weisbart, 4/26/07.

à-vis CAP, training “will vary by the initiative being implemented.” Minimal training is anticipated for existing programs that will be expanded, such as Family Preservation and Family Team Decision Meetings. “However, for new initiatives, including up-front assessments, visitation resources for parent/child visits and community based placements, we anticipate the need to provide more in-depth training to social workers, supervisors, managers and community partners that will be involved.” These new initiatives, and program expansions, do not appear to be guaranteed: “Proposed new and expanded services will be subject to available funding.”¹⁷⁶

On the whole, CAP efforts “will build on the significant systems improvement efforts already underway among County departments and their community partners.” In terms of how CAP will change how DCFS does business,

We expect that we will accelerate the pace of change that we have made over the past four years. We will continue to transform from an agency that in the past relied on removal and placement of children as our primary service to a service delivery model that will keep families intact whenever safely possible and reduce lengths of stay in out-of-home care through the provision of more intensive services. [In addition,] By having fewer children in care, we anticipate to further reduce social worker caseloads so that they have more time to spend providing services to children and families.¹⁷⁷

Los Angeles County Probation Department

For their part, representatives from Los Angeles County’s Probation Department view CAP as a potentially transforming initiative. (Regarding information collection from Los Angeles Probation, a questionnaire was e-mailed to Kathy New, the Probation Department’s Title IV-E Director/Director of Central Placement. New and Deputy Director Jitahadi Imara, as well as Howard Wong and a person responsible for training Probation staff on CAP, answered the questions in a taped in-person interview. In addition, the interviewer, at Kathy New’s invitation, attended but did not tape a Los Angeles County Probation Title IV-E/Expansion of EBP Meeting on the same day of the in-person interview.) As Jitahadi Imara says, “CAP has the potential for transforming juvenile justice. Regarding reform in Los Angeles, juvenile justice, mental health, child welfare – these systems if [CAP is] done correctly can’t look the same.” He envisions a “collaborative system that is proactive vs. reactive.”¹⁷⁸ Adds Kathy New, “If we can be successful with the barriers that we have to our size, our complexity and all those issues that come with that – I think that’s going to be great grounds for other large cities and then for smaller cities to say, wow, if they could have done that and experience those outcomes – I think it’ll be fantastic.”¹⁷⁹ Regarding how Probation can measure success, “The success of the waiver clearly is really thought to be dependent on how well [sic] our relationship is with DCFS, how well we’re able to really conceive of a different model... True integration will be you see joint strategies, collaborative strategies,” including blended funding. “The waiver will do wonderful things unquestionably; but will the

¹⁷⁶ Ibid.

¹⁷⁷ Ibid.

¹⁷⁸ In-person interview with Jitahadi Imara, 3/28/07 (taped).

¹⁷⁹ In-person interview with Kathy New, 3/28/07 (taped).

waiver really fulfill its potential? Those will be the real indicators in terms of transformation.”¹⁸⁰

Probation representatives feel that previous collaborations with DCFS and other departments will help CAP implementation proceed smoothly. After a lawsuit filed against the county in 2003, *Katie A. v. Bonta*, DCFS, Probation, Health, and Mental Health executive managers and mid-level managers started meeting weekly to implement cross-department collaboration to provide better health and mental services to children in the foster care system. Susan Kerr, incidentally, used to chair meetings on the Mental Health side prior to moving to DCFS last fall.

Probation’s plans for CAP include a real emphasis on implementing evidence-based programs. In late March Probation held a training for its contracted service providers of Functional Family Therapy (FFT) and Multi-Systemic Therapy (MST); in contrast to the “standard program”¹⁸¹ provided by the traditional model of group homes for Probation kids, FFT and MST provide individualized services for juveniles and their families, often in the home setting. New would like to ultimately see the current group home structure and methods rehailed and improved, but Imara say that this must be handled carefully:

One of the negative outcomes that could come from the waiver could in fact be if we don’t plan this out and say, what does this mean to group homes? That’s a service they’re still providing... Let’s say your waiver collapsed and you got rid of our group homes because it wasn’t financially feasible for them to do it – what do you do with your placement population? There has to be planning that integrates group homes into the waiver – they’ll still exist but in a different service delivery model with a different service orientation... I’m not attacking group homes. It’s not like our model... is any better than the group home model. All we were doing is supervision and what does the research say, that supervision alone is ineffective – it has to be integrated with treatment. That’s why again, being research driven [is key] – the restructuring of placement then has to coincide with what we’re doing with all the evidence-based practices.¹⁸²

New reports that group home providers have been involved in CAP planning due to DCFS’ community engagement efforts. Probation is awaiting word as to how much funding the department will receive for prevention and aftercare services before discussing specific changes and impacts with group homes.¹⁸³

Possible challenges around group home changes aside, Probation representatives mentioned other challenges vis-à-vis CAP implementation:

- Probation has to create data systems from scratch to capture data (i.e., AB 636 statistics) that DCFS already captures via CWS/CMS, the statewide child welfare database. Says New, Probation “had to take on additional resources to mirror an operation that is not available to us – [the feds are] tying our hands by not

¹⁸⁰ In-person interview with Jitahadi Imara, 3/28/07 (taped).

¹⁸¹ Kathy New, Los Angeles County Probation Title IV-E Meeting, 3/28/07.

¹⁸² In-person interview with Jitahadi Imara, 3/28/07 (taped).

¹⁸³ In-person interview with Kathy New, 3/28/07 (taped).

allowing us access to CWS/CMS. It makes absolutely no sense... We're capturing the entire thing on an Excel document – is that not insane?"¹⁸⁴

- Probation has had less time to plan CAP implementation than DCFS has had. While DCFS considered the waiver for four years, Probation deputy directors were first brought into the process in March/April of 2006. Additional Probation staff members to help plan implementation were brought on board last October/November.
- Probation line staff for the most part lacks knowledge of child welfare laws. New estimates that in contrast to the approximately 6,000-member DCFS staff, of the Probation staff numbering roughly 5,800, perhaps 150 people know about laws governing foster youth. "We are already behind the eight-ball in that we don't have th[at] knowledge base."¹⁸⁵
- As of late March, training of Probation staff in general had been slow to move forward. "Part of that is because the state and the feds kept changing the allocation – we didn't know what was available, making it impossible to develop a strategy."¹⁸⁶ Probation staff may "put earplugs in" due to "...16-18 vacancies... Staff are overwhelmed, overworked. Their first reaction will be, what does it mean to me in terms of my caseload?... The nice thing is that we get a chance to blow up the system; what you're working with now is not what you're going to see in six months, you're going to see a new model. The rub will be, how can we turn it on? What does training look like? How do we retrain, reorient people?... This requires a tremendous shift in resources, [and] thinking that we don't have right now."¹⁸⁷
- More interaction with CDSS could be helpful. Per the Juvenile Justice Crime Prevention Act of 2000 (JJCPA), Probation has "had probably the best collaboration with the state and county that you could have." With CAP, there isn't as much interaction between the state and county,¹⁸⁸ and state contacts may not be as "vested in your program being successful..."¹⁸⁹ Los Angeles Probation representatives suggested meetings during the early stages of launching CAP to build relationships and so CDSS "would really be much more aware of what some of the barriers are."¹⁹⁰

While Imara acknowledges that CAP "could cause more chaos" as it's implemented, in short Probation believes that "This is an exciting opportunity to deliver services, to have services that have research behind them, and do the things for families and youth that are going to achieve better outcomes."¹⁹¹

¹⁸⁴ In-person interview with Kathy New, 3/28/07 (taped).

¹⁸⁵ In-person interview with Kathy New, 3/28/07 (taped).

¹⁸⁶ In-person interview with Kathy New, 3/28/07 (taped).

¹⁸⁷ In-person interview with Jitahadi Imara, 3/28/07 (taped).

¹⁸⁸ In-person interview with Jitahadi Imara, 3/28/07 (taped).

¹⁸⁹ In-person interview with Kathy New, 3/28/07 (taped).

¹⁹⁰ In-person interview with Jitahadi Imara, 3/28/07 (taped).

¹⁹¹ In-person interview with Jitahadi Imara, 3/28/07 (taped).

Alameda

Alameda County Social Services Agency (ACSSA)

A survey was sent via e-mail to Alameda County’s Waiver Coordinator, ACSSA CWS Policy Analyst Randall Hudson, and to ACSSA Financial Director, Dan Kaplan, and was followed up with phone calls to Hudson and Kaplan. The survey was forwarded to Tom Clancy from the ACSSA Evaluation unit. While the survey was not formally answered question by question, Clancy provided some information over the phone, and Hudson provided a bit of information during a chance encounter at the ACSSA offices. Carol Collins, Assistant Agency Director of the Department of Children and Family Services, did not respond to a separate survey and phone calls.

Alameda County’s Title IV-E Waiver Capped Allocation Demonstration Project (CAP) Five-Year County Plan shows that ACSSA is for the most part continuing initiatives that have already begun (e.g., expanding early intervention and preventive service partnerships, enhancing the county’s Group Home Family Preservation home finder program for group home youth, strengthening Family Reunification efforts, etc.) versus creating an entirely new way of doing business. Newer areas of activity include developing Therapeutic Foster Care (TFC) homes, which are “particularly relevant to Child Welfare and Probation foster youth” and exploring housing supports for high-risk families and emancipating youth. All core CWS services are slated “to remain intact,” although foster care eligibility processes will be revised.¹⁹²

The county’s plan outlines the goals of participating in CAP:

By proposing to participate in the Title IV-E Waiver (Capped Allocation Plan), Alameda County Social Services Agency and Probation Departments (PD) aim to utilize spending flexibility for a series of proactive reinvestment strategies to better direct financial resources away from expensive congregate care and ineffective services to prevention, early intervention, and long-term support strategies that serve youth and their caretakers with engaging, cost effective, localized, familial, and neighborhood and mentor-based supports.

Redirecting financial resources from the existing congregate group home care model to family-based resource homes and community-based services that more directly engage children and families with health, mental health, education, social, and self-sufficiency supports will achieve higher levels of safety, permanency, and well-being.¹⁹³

The plan also reports that the county “would like to explore the effects of foster care rate restructuring for Group Homes and Foster Family Agencies with the intent to provide incentives for better outcomes (earlier reunification, Adoption, Guardianship, or preparedness for emancipating youth).”¹⁹⁴

Regarding implementation plans, Clancy reported in early April that implementation is “to some extent still very much a work in progress.... [we] haven’t necessarily figured

¹⁹² Alameda County Social Services Agency and Probation Department, *CAP Five-Year County Plan*, 2/6/07, pp. 22, 23 and 33.

¹⁹³ *Ibid*, p. 22.

¹⁹⁴ *Ibid*, p. 23.

out what implementation would look like.” Clancy points out that one difference between Alameda and Los Angeles is that “a lot of what Los Angeles is doing is putting money toward upfront prevention, diversion, early intervention. Alameda is not going full-bore in that direction,” as the county is working with youth already in the child welfare system and helping them stay “on track” until they’re 18, in part by bringing piloted initiatives to scale.¹⁹⁵ Regarding the project as a whole, Hudson emphasized that implementing CAP is first and foremost about wanting what is best for children in the child welfare system, before addressing financial matters.¹⁹⁶

Both Hudson and Clancy referenced a lawsuit filed by the California Alliance of Child and Family Services against CDSS that seeks to raise group home rates¹⁹⁷ in addressing why county representatives did not formally answer the survey sent in conjunction with this report. Clancy also pointed out that ACSSA Director Chet Hewitt felt that questions on the survey echoed “the kinds of questions” that had been asked by advocates in the past.¹⁹⁸ Dion Aroner, the former Assembly Member for Oakland, Berkeley, etc. noted above, opined that she is “very skeptical about what the county is going to be able to do” in terms of showing results from CAP. Aroner’s impression is that regarding CAP, there’s “not a lot of community involvement; the county is on its own on this, and has cut itself off from major providers.” Aroner offered that “maybe [she doesn’t] know the right story” about community involvement in the waiver, and thought that a range of small to large Alameda County providers might have a different perspective. In short, Aroner wonders if the process around CAP will be an “open process [that] involves stakeholders and community partners,” or are these parties being seen as “the opposition and something to be managed”?¹⁹⁹

Carroll Schroeder, the Executive Director of the California Alliance of Child and Family Services, points out that if the state must increase group home rates as a result of the lawsuit noted above, Los Angeles and Alameda will be “in an interesting position.” If rates ultimately increase in the state, child welfare directors would increase the base rate for foster parents; and “Unless the state agrees to pass along funding, [counties would] have to eat it if CAP doesn’t cut it... [This] could be a really critical issue for” the two CAP counties.²⁰⁰ (Attachment D to ACIN 47-06 says that “The CDSS does not anticipate any change to the structure of group home rates at this time... if there are federal or State legislative changes that would require group home rates to be adjusted,

¹⁹⁵ Telephone interview with Tom Clancy, 4/9/07.

¹⁹⁶ In-person conversation with Randall Hudson, 3/23/07.

¹⁹⁷ CALIFORNIA ALLIANCE OF CHILD AND FAMILY SERVICES, Plaintiff, v. CLIFF ALLENBY, Interim Director of the California Department of Social Services, in his official capacity; MARY AULT, Deputy Director of the Children and Family Services Division of the California Department of Social Services, in her official capacity, Defendants. Information about the lawsuit can be found at the website of the Alliance, a statewide association with over 160 private nonprofit agencies, at <http://www.cacfs.org/advocacy-1.asp>.

¹⁹⁸ Telephone interview with Tom Clancy, 4/9/07.

¹⁹⁹ Telephone interview with Dion Aroner, 4/25/07, and e-mail from Aroner, 5/14/07.

²⁰⁰ Telephone interview with Carroll Schroeder, 4/6/07.

the CDSS would work with the counties to ensure the necessary adjustments are made.”²⁰¹)

Chet Hewitt and Dan Kaplan met with the County Board of Supervisors’ Social Services Committee regarding the waiver on January 8, 2007, a meeting that included the opportunity for public comment. The Alameda County Board of Supervisors approved and authorized the execution of Title IV-E Waiver Capped Allocation Demonstration Project Plan for submission to CDSS for final State approval on February 6, 2007.²⁰²

Alameda County Probation Department

Chief Probation Officer Donald Blevins sets the context for Alameda Probation’s role in CAP, describing Probation as a small part of CAP, a small percentage budget-wise. Blevins reports that ACSSA has been the lead agency on CAP; if Social Services thought participating in CAP was a good idea, Probation would support ACSSA.²⁰³ Blevins was e-mailed a questionnaire, which he forwarded to Richard Muench, who answered questions via telephone.

Assistant Chief Probation Officer Richard Muench, who handles financial analyses for the department, was brought in on the Probation side of CAP early on. Probation’s involvement with CAP “started out with high-level meetings nine months to a year ago.” Muench describes Probation’s motivations for participating in CAP as “pretty simple – the feds have been trying to reduce IV-E funding. We wanted to solidify and stabilize our revenue for the next five years, which we stated as our goal throughout.” Muench describes the goal of ACSSA as “a little different, to decrease the number of kids in out of home placement.” Regarding reducing the number of Probation youth in placement, “I don’t believe I can reduce it any more.” About four years ago Probation had about 800 “kids in the system, and we’re now down to 200... I don’t see it getting any lower,” as “the Probation kids in placement now belong in placement.” Probation’s strategies to reduce this number included educating the court about local programs such as Camp Sweeney, and reuniting children more quickly with their parents if they completed their case requirements ahead of schedule (i.e., “decreasing the length of stay per the ongoing review of kids in out of home placement”). After making Probation’s goal clear, Muench reports Probation leaders told SSA they would support whatever SSA decided.²⁰⁴

Regarding the programmatic side of CAP, Alameda Probation plans to access for its youth population the new, appropriate services that are provided for the county’s child welfare population. Muench does not see much difference between the two populations, known as “300 kids” (child welfare youth) and “600 kids” (probation youth; 300 and 600 refer to the sections of the California Welfare and Institutions Code that apply to the respective populations); “the only difference is our kids got caught.” Muench foresees “DSS getting money in advance, an increase [in funding] for Alameda, and they’re going to create programs to provide services. The same services will be provided to 600 kids,

²⁰¹ ACIN 47-06, Attachment D, p. 8.

²⁰² http://www.acgov.org/board/bos_calendar/documents/min_020607.pdf.

²⁰³ Telephone interview with Donald Blevins, 4/12/07.

²⁰⁴ Telephone interview with Richard Muench, 4/19/07.

so more 600 kids will be returning home, and not getting ‘deeper’ into the probation system.”²⁰⁵ Muench did not know when these new services will be available for Probation youth. He spoke highly of the working relationship with SSA, saying they “have been really cooperative, they’re good people” who care about providing services for kids, “not about silos and boundaries.”²⁰⁶

Regarding preparing Probation systems and staff for CAP participation, Muench did not foresee any major challenges. Probation staff is currently “basically taking my lead,” and administrative staff think positively of CAP. Data collection is “not an issue for us. In the past we have studied administrative costs through quarterly time studies, and we will continue doing that.” A current staff priority is preparing for the department’s first federal audit “in the next month”; Alameda and San Francisco are the first two of California’s counties to go through this audit. Muench speculates that of course Probation staff will be trained about services changes per CAP after ACSSA staff are trained about them, and after the programs and services are put in place; in the meantime Standards in Training for Corrections trainings will also proceed as per usual for Probation staff. On the whole regarding CAP, Muench sees the project as “a super opportunity to fund initiatives already put in place.” As for Alameda’s participation in the waiver as only one of two counties, “For Alameda, we were in the right place at the right time.”²⁰⁷

²⁰⁵ Ibid.

²⁰⁶ Ibid.

²⁰⁷ Ibid.

FLORIDA'S FLEXIBLE FUNDING WAIVER

Florida's child welfare system has received nationwide negative publicity over the past few years, with stories including the 2001 disappearance of five-year-old Rilya Wilson of Miami, and the deaths of a four-year-old and two-year-old boy. In 2003 Florida's Department of Children and Family (DCF) also had a backlog of over 30,000 abuse and neglect investigations;²⁰⁸ Don Winstead, DCF's Deputy Secretary, reported in May 2007 that this backlog has been eliminated.²⁰⁹ Over the past few years Florida has also implemented a statewide plan to privatize foster care and all related services into Community-Based Care (CBC) programs.²¹⁰ This plan was implemented statewide over several years, with the number of community-based care sites increasing incrementally.²¹¹ Currently, all of Florida's 67 counties participate in this model, which is unique among United States child welfare systems, and 20 lead agencies hold contracts with DCF to provide child welfare services.²¹²

Don Winstead was e-mailed a questionnaire and interviewed via telephone for this report. He brings experience with federal initiatives to the table; during previous years of the Bush Administration he worked in Office of the Assistant Secretary for Planning and Evaluation, Department of Health and Human Services, where he worked on Bush's optional child welfare block grant proposal. Winstead reports that political climate (the governor at the time of Florida's agreement to participate in the Title IV-E Waiver was President Bush's brother) did not influence the decision to participate in the waiver; DCF officials were operating with "the best interests for children in Florida" in mind. When Winstead joined DCF in the spring of 2005, he worked with agency senior managers and the CEO's of community-based care lead agencies to identify "a small number of areas of mutual concern." DCF and CBC organizations identified child welfare financing as "one issue for study"; it was clear that current child welfare funding was "out of sync with program direction."²¹³

Under its Flexible Funding Waiver Demonstration Project, Florida will receive a capped allocation of Title IV-E funds to expand its offerings of community-based services and programs for eligible children and families. These services and programs strive to promote child safety, prevent out-of-home placement, and expedite permanency. Services and programs that may be expanded under the demonstration project include intensive early intervention services; one-time payments for good and services (e.g., payments for housing, child care, etc.) that reduce short-term family stressors and may help children avoid out-of-home placement; improved training for child welfare staff and supervisors; and other system improvements.²¹⁴ The state's evaluation design is a time series design that will analyze historical changes in child welfare outcomes; "Longitudinal changes in child welfare outcomes will be analyzed by measuring the progress of successive 'cohorts' of children entering the State's child welfare system

²⁰⁸ Albowicz, Kathryn, p. 2.

²⁰⁹ E-mail from Don Winstead, 5/22/07.

²¹⁰ Albowicz, Kathryn, pp. i-2.

²¹¹ E-mail from Don Winstead, 5/22/07.

²¹² Vargo, Amy C., et al, p. 1.

²¹³ Telephone interview with Don Winstead, 4/4/07, and e-mail from Winstead, 5/22/07.

²¹⁴ http://www.acf.hhs.gov/programs/cb/programs_fund/cwwaiver/2006/florida.htm.

toward achievement of the demonstration's primary goals."²¹⁵ Winstead comments regarding the evaluation, the "hard question with any demonstration is the counterfactual... The classic experimental control group design is not feasible with a statewide evaluation," although "a lot of options" were looked at vis-à-vis the evaluation design. The waiver evaluator had been selected through a procurement process for another mandated evaluation that was similar to that of the waiver, and the existing scope of that evaluation was modified to include the waiver evaluation. Winstead also reports that probation services are not involved in the waiver, and that the funding base for each district is not calculated significantly differently than it was during the period before the waiver.²¹⁶

Winstead says that at one point Florida was very close to not participating in this waiver. He describes negotiations as not really being with HHS, but rather with the federal Office of Management and Budget (OMB) as the waiver must be cost neutral. Florida wanted the waiver and the capped allocation to apply to Title IV-E foster care costs, but not to Title IV-E Adoption Assistance Payments; the state didn't want any "sense of disincentive for adoptions," which would have been "programmatically bad." Florida did not want to consider capping Adoption Assistance Payments and "the feds, in doing cost-neutrality, had to consider both"; thus three weeks before the March 2006 deadline to participate in the waiver, Winstead thought the "likelihood to get [the waiver] was pretty much dead." Then, a "creative intervention" occurred; the DHHS Assistant Secretary for Children and Families, Wade Horn, called Winstead, knowing Florida wanted no cap for adoptions. Horn suggested making the cap so high for adoptions that "you'd never reach it"; it "wouldn't functionally be a cap." This restarted the waiver discussion, and Florida joined the waiver demonstration project. Winstead says that the state gets "3% more [funding] each year, and "We feel good about where [we came out]" financially.²¹⁷

Winstead describes the vision vis-à-vis Florida's waiver project as "be[ing] able to show some success." If that happens, he "can't believe we're going to go back" to the way the child welfare system was funded prior to the waiver. Winstead wants children entering care within a year or two "to have a different experience" than those entering the system today; failure would be to have "the same number of children in care, [and] the same mix of services." Winstead reports that implementation of the waiver plan has already begun, and that implementation has been "so smooth." Implementation workgroups had held weekly conference calls to plan the implementation; those conference calls now occur monthly, and the "biggest actual problem" since implementation is that some staffers "have trouble believing the degree of flexibility" that exists. Winstead sees the waiver as "the most incredibly positive thing in our state." Florida could have made changes "without the impetus of the waiver," but the waiver "stimulated our thinking."²¹⁸

Winstead shared his thoughts about block grants; he says he doesn't know if a block grant is a possibility per the ultimate results of the flexible funding waiver. Regarding

²¹⁵ Ibid.

²¹⁶ Telephone interview with Don Winstead, 4/4/07.

²¹⁷ Ibid.

²¹⁸ Ibid.

block grants, “I think there’s a couple of unfortunate things... D.C.-based advocates really hate block grants; I think they’re wrong... [D.C.-based advocates] are wedded to entitlements, even if you’re entitled to something that’s not very good.” He points out that these advocates made “the same arguments [against block grants] about how ’96 welfare reform shouldn’t happen.” Winstead also describes D.C. as “a very partisan environment”; “farther away, things are more based on the pragmatic vs. the partisan, and it’s not about supporting a party. It’s about are we helping children or not?” In Florida, “we can get consensus because we have children to take care of.” Winstead says he would “be surprised if [Bush’s optional block grant proposal] moves before” Bush leaves office. Bush’s proposal hasn’t “gotten any traction; sometimes things don’t catch [on]. Now with the leadership change in Congress, a lot depends on how Congressman McDermott feels about it... It hasn’t been something [the Senate Finance Committee is] interested in.”²¹⁹

²¹⁹ Ibid.

CALIFORNIA'S FLEXIBLE FUNDING WAIVER: EVALUATION AND BEYOND

The CAP Evaluation: Is It Strong Enough?

Nuts and Bolts of the CAP Evaluation

As required by the Waiver Terms and Conditions between CDSS and the Children's Bureau of the federal Administration for Children and Families, CDSS has engaged an independent third party to conduct an evaluation of CAP. (Independent in this case means that the organizations cannot be affiliated with state or local government, although state universities may be engaged to conduct the evaluation.)²²⁰ The CAP Evaluation Team was selected "through a process in our research house to look at who would be likely to" come to the evaluation with experience in child welfare, and who would meet state restrictions on the contract process.²²¹ (CDSS notes that in the recent past, the agency has had "a hard time getting academics to do our evaluations," perhaps due to modest funding and short time frames for evaluations.²²²)

CAP's Evaluation Team consists of a Principal Investigator, Charlie Ferguson, Manager of Evaluation and Research at Sonoma State University's California Institute on Human Services (CIHS). In addition to Ferguson, the Evaluation Team includes hired staff who will be assisting Ferguson²²³: a research specialist, a specialist in information technology, an administrative support person, and graduate student assistants. Ferguson received his Ph.D. from U.C. Berkeley's School of Social Welfare and was a member of the team from the Center for Social Services Research (based at U.C. Berkeley's School of Social Welfare) that evaluated California's first waiver project.

The CAP Evaluation, as outlined in an April 2007 draft and as described in CAP Evaluation Stakeholder meetings, utilizes an interrupted time series design. This design consists of baseline observations made prior to the "interruption" of the onset of CAP, and follow-up observations that will be made during the course of CAP. As noted in the April 2007 Evaluation Plan Draft,

The final number and timing of the observations [both before and after the onset of CAP] is dependent upon the specific study component (process, fiscal, or outcome)... Briefly, observations (i.e., data collection) will be made prior to the onset of the CAP to establish a pattern of outcomes within each participating county. Observations will be made again after the onset and during the implementation of the CAP in participating counties to establish a second pattern of outcomes. Outcome patterns post-CAP will be compared to outcomes patterns pre-CAP.²²⁴

As stated in the plan draft, a true experimental design (e.g., random assignment) is not possible for the CAP Evaluation due to the unit of measurement for results (i.e., the county). (The previous California waiver evaluation was able to use random assignment as individuals were the unit of measurement; as the CAP Evaluation measures systems change, however, the county is understandably the unit of measurement.) As compared

²²⁰ DHHS, "Waiver Authority; State: California," p. 8.

²²¹ In-person interview with Linné Stout and Greg Rose, 3/26/07 (taped).

²²² In-person interview with Greg Rose, 3/26/07 (taped).

²²³ Memo from Charlie Ferguson, 5/11/97.

²²⁴ April 2007 CAP Evaluation Plan Draft, p. 7.

to evaluations in other states that have implemented flexible funding waivers, incidentally, the interrupted time series design is less rigorous (with the exception of Florida's design, which is also a time series design); differences between California's evaluation and evaluations in other states will be discussed in further detail below.

The "primary purpose of the CAP Evaluation" is as follows: "...to determine whether changes in the funding structure for foster care (i.e., ending the entitlement and capping the dollar amount in exchange for spending flexibility) will result in changes in the functioning of county child welfare systems (i.e., management, number and type of services offered) that lead to improved outcomes for dependent and delinquent children and their families."²²⁵ The April 2007 Plan Draft goes on to state that "the central question to be assessed in the evaluation of the CAP" is whether or not the CAP funding strategy and corresponding changes in the system will improve outcomes for children and families. (The Plan draft states this central question as follows: "Does the use of a capped, flexible Title IV-E funding strategy and the resulting changes in the child welfare services system improved federal and State outcomes for children and their families referred to the Child Welfare Services System in participating counties?"²²⁶).

As indicated above, the Evaluation includes three components that are required by the Terms and Conditions agreement between CDSS and the Children's Bureau of the federal Administration for Children and Families: a Process Study, a Fiscal Study, and an Outcome Study. The Process Study will examine the reorientation of the system, elucidating whether or not CAP will result in counties focusing on prevention, early intervention, and reunification efforts. The Process Study has two components, an Implementation Component (which is divided into two sections, one examining the CAP planning process and one focused on CAP's implementation); and a County Services Component, which focuses "on the strategies undertaken by the child welfare and probation departments in each county to improve outcomes for children and families"²²⁷; in other words, this Component will focus on changes in the service delivery systems in CAP counties. The Fiscal Study is slated to examine changes in foster care expenditures, and the Outcome Study will primarily utilize California-Child and Family Services Review (C-CFSR) and AB 636 data to determine if CAP results in better outcomes for children and families in the child welfare system.

The plan draft also describes "theories of change" behind CAP:

The fundamental premise of the initiative is that a significant proportion of children in foster care in California are not in care based on need or appropriateness of service, but are in care due to failings within the structure of child welfare system. Two theories of change underlie the initiative's approach. The first theory supposes that eliminating the "open entitlement" approach to funding foster care will reduce the fiscal incentive to place children in out-of-home care. Second and more concretely, eliminating the categorical nature of eligibility and allowed reimbursements (i.e., board and maintenance) will provide the authority and the funds (through cost savings) necessary to

²²⁵ April 2007 CAP Evaluation Plan Draft, p. 5.

²²⁶ April 2007 CAP Evaluation Plan Draft, p. 6.

²²⁷ April 2007 CAP Evaluation Plan Draft, p. 10.

reorient the service structure to focus on prevention, early intervention, and reunification efforts.²²⁸

Incidentally, given that four of the seven non-CAP counties surveyed above spoke of already taking steps to reduce the number of children in care as much as possible or of having conservative approaches to removing children, there may not be as widespread of a “fiscal incentive to place children in out-of-home care” as implied in the first theory of change above. (No studies are cited in the Evaluation Plan draft as evidence of this fiscal incentive.)

Please note that CDSS and the Principal Investigator have convened a CAP Evaluation Stakeholders group which consists of state, county, and Evaluation representatives, as well as representatives from various advocacy groups. The group to date has met in person and via conference call approximately every two months, and receives communications from CDSS via e-mail. Group representatives were also given an opportunity to provide feedback on the April 2007 CAP Evaluation Draft prior to its submission to the federal government. The Evaluator also plans to form a smaller Evaluation advisory group to provide technical assistance to the Evaluation.²²⁹

How California’s Evaluation Compares to Evaluations in Other States, and the Question of Comparison Counties

As noted earlier, the four states that completed Phase I of their capped Title IV-E waiver demonstration projects utilized evaluation designs that are different from California’s. Indiana utilized matched comparison groups, while North Carolina, Ohio and Oregon utilized comparison sites. Indiana’s evaluation matched waiver and non-waiver children; North Carolina and Ohio utilized comparison counties; and Oregon compared outcomes for children in counties with access to flexible funds to outcomes for children in counties without access to flexible funds. If California’s CAP Evaluation was to utilize a stronger evaluation design, it would conceivably follow the example set by North Carolina and Ohio, as those states also have state supervised, county administered child welfare systems. In addition, those states did not implement the flexible funding waiver statewide, but in self-selected counties. Thus, California could follow the example set by North Carolina and Ohio and add comparison counties to its evaluation design.

Elliott Graham of James Bell Associates, the consulting firm contracted by ACF to provide evaluation technical assistance to states implementing Title IV-E Waiver Demonstrations and compile and synthesize subsequent evaluation findings, offers his opinion about the value of using comparison counties:

...In my opinion comparison site designs are by definition not very rigorous and not much of an improvement over longitudinal research designs because there are too many macro-level variables within a county that cannot be controlled that may affect child welfare outcomes. I think that’s one of the reasons why Ohio and North Carolina’s evaluations detected so little effect from their waivers; any small impact that they may have had on child welfare outcomes was lost in the “noise” of all the other social,

²²⁸ April 2007 CAP Evaluation Plan Draft, p. 6.

²²⁹ April 2007 CAP Evaluation Plan Draft, p. 9.

economic, demographic, policy, and programmatic factors that may have been affecting children and families. Having said that, there aren't really a lot of other research design options because it's generally infeasible to do experimental research designs with random assignment in the context of large-scale, statewide reform efforts, so perhaps a comparison county design would be the best they could do.²³⁰

The CAP Evaluation Draft states that utilizing comparison counties or a matched group of comparison counties is not possible due to “the voluntary nature of county participation in the CAP” and the nature of the CAP counties, in particular the difficulty of matching Los Angeles to any other county. The Evaluation also has a goal of being “as unobtrusive as possible for counties,” utilizing already existing data sources whenever possible “and without unnecessarily compromising the evaluation,” thus “limit[ing] the workload required of counties for their participation in the evaluation.”²³¹

However, the Principal Investigator has indicated that the fact that there are no comparison counties in the CAP Evaluation Plan is a limitation in the Evaluation design.²³² And interestingly, the seven non-CAP counties interviewed above did not immediately close the door on participating as comparison counties in the CAP evaluation. In addition, regarding Los Angeles' seeming incomparability, Professor Jill Duerr Berrick of U.C. Berkeley's School of Social Welfare (and a member of the evaluation team for California's previous IV-E waiver) suggests comparing two counties, San Diego and Orange, with Los Angeles.²³³

CDSS has offered two challenges to the idea of using comparison counties in the CAP Evaluation. Available money is a concern, as CDSS has reported that “We had no funding to provide to comparison counties.”²³⁴ (The state is planning to spend \$400,000 per year on the evaluation, for a total of \$2M over the five years of the waiver.²³⁵) However, a representative from CDSS indicated at the February Evaluation Stakeholder meeting that the state may have some additional resources that might be available for the CAP evaluation.²³⁶ It would be worth exploring whether or not these resources still exist or if other resources can be dedicated to the CAP Evaluation. (As a possible point of reference, Ohio paid its comparison counties about \$10,000-\$15,000 per year.²³⁷) Another possible challenge to including comparison counties is the state's point that “...we actually have all 58 counties going through a ‘process study’ annually...” via the AB 636 measures collected, and this information is publicly available.²³⁸ This CDSS representative adds, however, that if comparison counties participated in a CAP process study as part of the CAP evaluation, the evaluation team “would be able to get to the

²³⁰ E-mail from Elliott Graham, 5/9/07.

²³¹ April 2007 CAP Evaluation Plan Draft, p. 7.

²³² CAP Evaluation Stakeholder Meeting Minutes, 1/23/07.

²³³ In-person interview with Jill Duerr Berrick, 3/19/07.

²³⁴ In-person interview with Greg Rose, 3/26/07 (taped).

²³⁵ Bill Kirk, as noted in CAP Evaluation Stakeholder Meeting Minutes, 1/23/07.

²³⁶ CAP Evaluation Stakeholder Meeting, 2/26/07.

²³⁷ Telephone interview with Dennis Blazey, 3/23/07.

²³⁸ In-person interview with Greg Rose, 3/26/07 (taped).

depth and nuance of [services] implementation” in those counties during the next five years.²³⁹

Why would non-CAP counties want to participate in the CAP evaluation? Although obviously many counties had concrete reasons for not participating in CAP, CDSS reports that 46 counties had sent in initial letters of interest about the project; says a CDSS representative, “I think that was because they were really interested in flexibility – what can we do, how can we really provide more services to children without the restrictions.”²⁴⁰ An initial interest in CAP may extend to considering comparison county status for the CAP evaluation. In addition, California counties themselves, and/or parties outside California, may be tempted to compare outcome measures for CAP and non-CAP parties (this point will be addressed in more detail below); in light of this, non-CAP counties may want to provide a more complete picture of the processes going on in their counties to help explain their outcomes.

The CAP Evaluation: Critiques and Clarifications

Social service program evaluations are of course typically fraught with complications and less than ideal circumstances. Barbara Needell, the Principal Investigator of the Performance Indicators Project at Child Welfare Research Center (housed at U.C. Berkeley’s CSSR), has a “more than healthy skepticism” of evaluations in social services and child welfare because the task is so difficult; “A lot of people do it poorly... The opportunities for random assignment are next to nothing.”²⁴¹ Needell also cautions against comparing counties, as it is akin to comparing apples and oranges.²⁴² As the Finance Director for the San Francisco Human Services Agency points out, “Also, it is going to be very hard to do controlled studies in child welfare right now since there are so many new initiatives happening whether or not the capped allocation is in place.”²⁴³

Researchers observing CAP in California have expressed their own concerns about the CAP Evaluation. U.C. Berkeley’s Jill Duerr Berrick says that the outcomes design is the weakest evaluation design and fears that counties will manage their message about CAP, so that the “lessons learned” from CAP will become more political than objective. Duerr Berrick also points out that counties could their hide monies spent; so at the end of five years, we could have no idea how much CAP costs, or if it’s any good for children.²⁴⁴ As noted earlier, Robert Geen, Vice President for Public Policy and Senior Research Scientist at Child Trends, has also worked for the Urban Institute and written many reports about child welfare issues, including child welfare financing. Geen says California originally

... had a proposal for a real evaluation. Even then the real evaluation was very, very poor because of [its] design limitations... [Comparison counties] would have made it a little bit more robust... California as I understand it has decided to go even more narrow and

²³⁹ Telephone interview with Greg Rose, 5/7/07, and memo from Rose and Stout, 5/14/07.

²⁴⁰ In-person interview with Linné Stout, 3/26/07 (taped).

²⁴¹ Telephone interview with Barbara Needell, 4/6/07.

²⁴² Needell, “Data Abuse: Numbers Gone Wild,” February 2007.

²⁴³ E-mail from Leo Levenson, 3/21/07.

²⁴⁴ In-person interview with Jill Duerr Berrick, 3/19/07.

spend less money, [and] they're going to find exactly what they're going to find, and I think Florida will be even worse.²⁴⁵

These two researchers offer suggestions for how the CAP evaluation could be improved. Duerr Berrick holds that design and simplicity are key in evaluations; ideally an evaluation would be better with control counties that were kept static, with interventions in experimental counties being limited.²⁴⁶ Geen offers these thoughts:

I would argue against investing a lot of resources in a quantitative, true evaluation. I would want to see a very strong implementation analysis to find out what difference did [CAP] make. Not what difference did it make for kids, but what difference did it make from a system perspective. What are [Los Angeles and Alameda] doing differently because of this flexibility that they weren't doing before, and try to assign some type of assessment as to whether these are good things or not. I don't think you're going to be able to tell whether it had a positive or negative impact on kids. You can try, [by doing] some relatively straightforward things, but investing heavily in that from my perspective won't give you much in return, whereas you could do a very comprehensive implementation analysis that you could learn something from.²⁴⁷

Please note that the CAP Principal Investigator emphasizes the importance of the CAP Evaluation's Process Study:

While the central question of the evaluation is determining whether child welfare outcomes improve for children and families, both the process study and fiscal study are crucial pieces to answering that question. It is absolutely necessary to understand what happens with the services system, both programmatically and fiscally, as well as with the implementation of the CAP, so as to understand the results of the outcome study. But the process study and fiscal study are also key components of the evaluation in their own right. Determining whether the increased fiscal flexibility resulted in systemic change in the counties is essential. The majority of the evaluation's resources are being directed to the process study and given the stated limits of the outcome study (an interrupted time series design does not allow for the determination of causality) it is likely where we will learn the most about the CAP.²⁴⁸

However, any observer of CAP and its Evaluation, both in California and on the national level, will most likely notice that the central question to be answered by the CAP Evaluation is an outcomes question. In addition, the Principal Investigator's point that the Process Study "is likely where we will learn the most about the CAP" is not made in the April 2007 Evaluation Plan Draft. To ensure that results of the CAP Evaluation are not misused to draw overly simplified conclusions about capped IV-E allocations and their effects on outcomes and the child welfare system, it would be beneficial for the Evaluation Team to clarify the importance of the Process Study, both in the Evaluation Plan and particularly in the final Evaluation reports.

Another area that could be addressed differently in the Evaluation Plan and final Evaluation reports is the question of utilizing outcome and well-being data across

²⁴⁵ Telephone interview with Robert Geen, 4/6/07 (taped).

²⁴⁶ In-person interview with Jill Duerr Berrick, 3/19/07.

²⁴⁷ Telephone interview with Robert Geen, 4/6/07 (taped).

²⁴⁸ Memo from Charlie Ferguson, 5/5/07.

counties. Outcome and well-being data comparisons across counties are currently not discussed in the Evaluation Plan draft. However, the CAP Evaluation Stakeholders group has discussed the possibility of comparing well-being measures across CAP and non-CAP counties. The Principal Investigator indicated that looking at measures that aren't necessarily child-welfare related may be possible but could be difficult given Evaluation resource issues. Members of the Stakeholders group pointed out that data from non-participatory counties may be a challenge to access – and that county differences tend to make cross-county comparisons inaccurate.²⁴⁹

Regarding the more specific question of comparing aggregate data collected via AB 636 outcome measures, the Principal Investigator reports that he is "...adamantly opposed to the idea... Comparisons between counties should not be made on outcomes alone as it is necessary to understand the context of those outcomes. Without process study information, understanding the context is impossible."²⁵⁰ To elaborate further, if AB 636 outcome data from counties other than Los Angeles and Alameda was analyzed as part of the CAP Evaluation, process information – i.e., Process Study information – from those non-CAP counties should also be included to examine influences on the system that may have affected those counties' outcomes. Numbers alone do not provide a complete enough picture of changes taking place in counties. Process Studies of selected non-CAP counties – i.e., comparison counties – would reveal, for example, the extent to which these counties have already innovated and utilized flexible funding within the confines of the current system. In addition, Process Studies from comparison counties would perhaps provide contrary evidence to the Evaluation Plan idea that "a county that decided to participate as a CAP county may have more of a 'culture of innovation and change' than a non-participating county."²⁵¹ (To limit the workload for comparison counties these Process Studies could perhaps consist of two site visits to each comparison county, one at the beginning of CAP and one at the end.) In addition, Process Studies with non-CAP counties would highlight other technical variations between CAP and non-CAP counties, such as the possible effects on Title IV-E claiming per the Deficit Reduction Act. (Non-CAP counties will be affected by the Act, while CAP counties will not be affected²⁵² as the federal base period used for calculating payments for CAP counties is prior to the Act's passage.²⁵³)

In short, comparing outcome and/or well-being measures across counties is laden with difficulties and inaccuracies, and should not be done without sufficient contextual information. However, CAP observers, such as possible proponents for a child welfare block grant, may be tempted to make their own comparisons of county data, whether that data consists of AB 636 outcomes or well-being measures. The use of comparison counties in the CAP Evaluation would allow for more accurate comparisons between outcomes, as the Process Studies in those counties would provide context for such comparisons. Regardless of whether or not comparison counties are used in the CAP

²⁴⁹ CAP Evaluation Stakeholder Meeting Minutes, 2/26/07.

²⁵⁰ Memo from Charlie Ferguson, 5/5/07.

²⁵¹ April 2007 CAP Evaluation Plan Draft, p. 8.

²⁵² CAP Evaluation Stakeholder Meeting Minutes, 1/23/07.

²⁵³ ACIN 47-06, Attachment D, p. 2.

Evaluation, the Evaluation must be clear about how outcomes data should not be used so that inaccurate comparisons are not made.

Please note that the Evaluation Plan draft is very clear about what the Evaluation design can't imply vis-à-vis causality. The Plan draft states that the interrupted time series design "does not allow for determinations of causality. In other words, any changes in the patterns of outcomes of the participating counties post-CAP as compared to the pre-CAP pattern of outcomes cannot be attributed directly to the Title IV-E Child Welfare Waiver Demonstration Capped Allocation Project."²⁵⁴ As Greg Rose of CDSS reiterates, "I don't think we'll ever get any cause and effect [via CAP and its evaluation]... The context in which child welfare is evolving is evolving kind of rapidly and differently in every county... We have to be careful to whatever conclusions we want to draw."²⁵⁵ Regardless of how the CAP Evaluation may be altered in the future, these points should be emphasized time and again so that the results of CAP are not manipulated in the future to advocate for policies, such as a potentially detrimental child welfare block grant, that cannot be reasonably justified by CAP results.

Please see the **Recommendations** section below for a summary of how the CAP Evaluation can be improved, and recommendations for how Evaluation results can be framed most accurately.

California After CAP

What could happen in CAP counties over the next five years?

The earlier **Los Angeles** and **Alameda** sections of this report include information about what the counties' CAP plans entail, as well as what DCFS, Los Angeles Probation, and Alameda Probation representatives foresee and/or hope for as the changes CAP may make in the two counties. Other child welfare stakeholders have also offered their opinions as to what may happen in those two counties over the course of CAP.

First, it is helpful to note that several stakeholders understand why Los Angeles and Alameda decided to participate in CAP. Stanislaus County, for example, sees how CAP "would be [a good deal] for any county struggling the way we were before"; with the "comparatively higher caseloads" in Los Angeles and Alameda, CAP "could be a good deal for them."²⁵⁶ Frank Mecca, Executive Director of the County Welfare Directors Association of California (CWDA), says "I don't think [Los Angeles and Alameda] made a mistake" in deciding to participate, as "CAP is a good experiment of what flexible funding" can do. The counties could "produce better results" under CAP, although this sort of experiment could have been done "whether or not [funds are] capped." Mecca also mentioned that the two CAP counties "have a political imperative to be successful; they made a political effort selling the CAP option to the state and local leaders."²⁵⁷ Adds Carroll Schroeder of the California Alliance of Child and Family Services, Los Angeles and Alameda were "losing federal share based on the [AFDC] lookback every

²⁵⁴ April 2007 CAP Evaluation Plan Draft, p. 8.

²⁵⁵ In-person interview with Greg Rose, 3/26/07 (taped), and memo from Rose and Stout, 5/14/07.

²⁵⁶ Telephone interview with Patrice Dietrich, 3/28/07, and e-mail from Dietrich, 5/10/07.

²⁵⁷ Telephone interview with Frank Mecca, 4/20/07.

year, and every time a kid leaves the foster care system. From a public policy perspective, [participating in CAP was] a good reasonable choice.”²⁵⁸ Dion Aroner says about the waiver, these are “two counties where the risks are very different. Los Angeles has so much [what we call] low-hanging fruit, it will be hard” to not improve outcomes. “Flexibility for five years could be effective if [they implement] significant changes... In Alameda, [however,] there’s not much low-hanging fruit.”²⁵⁹ (When asked to describe the “low-hanging fruit” in the CAP counties, U.C. Berkeley’s Jill Duerr Berrick reports that while other counties have had “pretty precipitous drops in their caseload size and [those of] Alameda and LA are still declining, they haven’t stabilized, yet. [Alameda and Los Angeles] hope to see further caseload decline over time.”²⁶⁰)

Adds long-time child welfare researcher Robert Geen regarding what California and Florida might do differently as the states implement CAP:

Two states, California and Florida, have optional block grant waivers. The ultimate flexibility. My prediction is they won’t do anything differently. They have gotten what I would consider sweetheart deals from the federal government; if every state was offered them, many states would have accepted them. Two states that just happen to have Republican governors, two agreements that were signed the night of the last possible second before waivers could be approved, against the objections of the OMB [the federal Office of Management and Budget] that the proposals were neither cost neutral nor did they meet the merit of the law... And so I have made judgment and will make judgment again – this is not a political argument this is a research argument, that states with flexibility haven’t been using it, so why do you think by giving them more flexibility they’re going to all of a sudden decide to do something different? California can complain they don’t have any flexibility at all, yet they use state dollars for foster care when they could use those state dollars for prevention. If they had faith that their prevention efforts would work, they’d be doing it already. And so I don’t really buy the whole flexibility argument. Does that mean added flexibility won’t help? I think it probably will help, but it’s not the cure-all of everything.²⁶¹

Regarding the end of CAP, as noted earlier in this report, Attachment D of ACIN 47-06 states that “All counties [participating in CAP] are required to have a plan to phase-down and end the waiver demonstration project to ensure that children remain safe and needed services will continue. At the end of the five-year waiver demonstration, the counties would then be required to meet the current laws and regulations regarding the use of Title IV-E.”²⁶² Carroll Schroeder asks, “At the end of five years – what happens? [Do the counties go] back to the entitlement?” The state “can’t do another waiver. [Los Angeles and Alameda will] spend a year or two doing it, then undoing it. That’s really problematic, and I don’t know what they do about it... On the upside – counties get flexibility, which allows the alignment of resources with policy objectives...”²⁶³

²⁵⁸ Telephone interview with Carroll Schroeder, 4/6/07, and e-mail from Schroeder, 5/14/07.

²⁵⁹ Telephone interview with Dion Aroner, 4/25/07.

²⁶⁰ E-mail from Jill Duerr Berrick, 5/8/07.

²⁶¹ Telephone interview with Robert Geen, 4/6/07 (taped).

²⁶² ACIN 47-06, Attachment D, p. 9.

²⁶³ Telephone interview with Carroll Schroeder, 4/6/07.

Two of the non-participatory counties weighed in on the impact CAP could have in California. Says Orange, “I think it depends on how successful [CAP] is. If Los Angeles county is able to make major changes with the flexibility of the funds, I think it would support expanding upon that. I still worry for the other 56 counties that are part of this that it wasn’t advantageous to join in on this, and what it would mean to us if we were forced to join in on it.”²⁶⁴ Beyond San Bernardino’s comments included in the **Child Welfare Waivers** section above, the county says: “It is hard to anticipate [how CAP will impact current state foster care reform efforts], but the hope is that a successful CAP will provide evidenced based practice models for prevention with targeted populations that other counties can learn from and hope to replicate.”²⁶⁵

Could CAP results be used to advocate for a block grant?

Without a crystal ball to show which issues Congress will address and vote on over the next ten years or so, it is impossible to predict (a) how CAP results could be used on the federal level, and (b) whether those results could be used to advocate for a block grant. This section offers the opinions of government officials, stakeholders, and researchers to broaden the answer to the CAP/block grant question and further discern government officials’ motivations for participating in CAP.

Beginning with the state, CDSS says by implementing CAP, “We’re not advocating for or against a block grant. We’re trying to demonstrate something... [People] could make an argument either way,” i.e., for or against a block grant; “If California and Florida can manage under capped allocation, does that mean that other people could? The other argument is that flexibility seems to make sense. Maybe people should look at making the rules more flexible within the entitlement structure. It depends on who’s arguing, and their political agenda.” Greg Rose of CDSS points out that historically “Block grants have declined in funding, they often don’t keep pace with needs. In talking about an entitlement versus a block grant, that’s a bit scary; an entitlement says something that a block grant doesn’t”; and when it comes to designing a block grant, “It really is the devil in the details.”²⁶⁶

Turning to Los Angeles DCFS’s perspective:

It is premature to forecast what changes in funding might due [sic] to the waiver. We have not yet begun implementation and the waiver is a test of this new financing structure. We will need 2 to 3 years experience working under the CAP to know how it might impact long term changes and needs. However, it is our hope that the waiver will successfully demonstrate the benefits of flexible funding.

Given that we haven’t implemented the waiver yet, it is difficult to project the likelihood of a federal block grant being implemented. It has been proposed as an option in the President’s budget for the last two fiscal years, but Congress has shown little interest and no States have advocated or expressed willingness to participate.

²⁶⁴ Telephone interview with Mike Ryan, 4/4/07 (taped).

²⁶⁵ E-mail from Kathy Watkins, 4/2/07.

²⁶⁶ In-person interview with Greg Rose, 3/26/07 (taped).

The pros of a federal block grant are that it allows for stability of funding and could allow for increased flexibility for the use of funds tha[t] are currently restricted by statute and regulation. The cons of a block grant would be that regular increases in costs for doing business may not be included and a spike in caseload could be financially catastrophic to the States or counties if there were no provision built in for increases to the block grant.²⁶⁷

For its part, Los Angeles' Probation Department reports having chosen to focus its pre-CAP analysis more on the benefits of flexibility than the possible eventuality of a block grant. Regarding the fear of block grants, "...a lot of the counties thought that at the beginning... I think everybody may have thought that, but I think if they all conducted the same type of an analysis [that we did], they might have come to a different conclusion."²⁶⁸ This other way of thinking about CAP and its possibilities was to "...look at the possibilities if funding is more flexible – will [caseloads] still increase if you can put more in prevention, if you can decrease your recidivism?"²⁶⁹

An Alameda County's Social Services Agency representative reports, "One thing I can say is we would never have gotten into this [i.e., CAP] if we thought a block grant" was a possibility.²⁷⁰ Alameda Probation offers, "There have been very limited discussions" about what will happen after the waiver; "the state is not talking about waiver extensions." Probation feels positively about knowing its IV-E funding is "okay for five years [and we can] forestall the inevitable" cut in IV-E funding.²⁷¹

Perhaps not surprisingly, some other child welfare stakeholders sound warning bells about the possibility of a block grant. Says Frank Mecca of CWDA, "CAP is not a very good test, its selection bias is extreme. [The results] could politically be used as an argument in favor of block grants [for those who] basically want to get rid of the [child welfare] entitlement... In the waiver – at least you can get out... With block grants, you can't opt out."²⁷² Explains Branden McLeod of the Child Welfare League of America (CWLA), "If the child welfare system was block granted public and private agencies would have to pick-up the slack regardless if caseload numbers spiked. It would take Congressional action to change the block grant."²⁷³

One of the fears around block grants is that once capped, sufficient federal funds will not be available if caseloads increase unexpectedly. Regarding population projections, in addition to population projections made by California's Department of Finance, CDSS has a team that makes child welfare projections for budget purposes. CDSS comments that caseload estimates have been pretty close through the years; however, "the greatest predictor of [child welfare] caseloads is poverty, and there are no official poverty estimates out there for the future; what do you use for poverty measures? We're

²⁶⁷ E-mail from Susan Kerr, Mitch Mason and Alan Weisbart, 4/26/07.

²⁶⁸ In-person interview with Kathy New, 3/28/07 (taped).

²⁶⁹ In-person interview with Jitahadi Imara, 3/28/07 (taped).

²⁷⁰ Telephone interview with Tom Clancy, 4/9/07.

²⁷¹ Telephone interview with Richard Muench, 4/9/07.

²⁷² Telephone interview with Frank Mecca, 4/20/07.

²⁷³ E-mail from Branden McLeod, 4/11/07.

struggling with that now...”²⁷⁴ Two stakeholders, interestingly, point to periods when caseloads increased unexpectedly. Says CWDA’s Frank Mecca, “My experience being in the field, I’ve found that projections were mostly wrong... In the ‘80’s we were completely caught off guard, largely by the crack epidemic; caseloads had gone up, we thought they possibly couldn’t go up any more, and we were completely wrong. Why we think it’s any better now than it was in the late ‘80’s,” Mecca doesn’t know.²⁷⁵ Dion Aroner references the same time period, speaking of the “outbreak in the late ‘80’s” that nobody predicted, and “we were in the middle of a living hell” due to an increase in parental drug use. Aroner envisions the possibility of no demographic “bubble,” either due to natural demographic changes or “artificially created” through something like “a new drug of choice” hitting the streets, happening during the next seven years, combined with the institution of a child welfare block grant. “[Picture CAP is over and a block grant is in place,] seven years out, and the feds have walked away. Nobody else [other than the feds] can print money. States can’t go into hawk over a bunch of kids,” as states are mandated to balance their budgets. Aroner sees a positive aspect of waivers as the fact that agencies “can learn and try” new things; but “when [child welfare] gets capped...”²⁷⁶ Opines U.C. Berkeley’s Jill Duerr Berrick, CAP results could provide a red carpet for federal government to block grant child welfare.²⁷⁷

If block grants are designed well, they do not necessarily have to be thoroughly detrimental for the programs and services they fund. (Several interviewees²⁷⁸ used a version of the phrase, “the devil is in the details” when describing block grants.) Please see the **Recommendations** section below for more information on steps California child welfare stakeholders can take to track CAP and ensure that its results are not used to advocate for a potentially detrimental child welfare block grant.

²⁷⁴ In-person interview with Greg Rose, 3/26/07 (taped).

²⁷⁵ Telephone interviews with Frank Mecca, 4/20/07 and 5/10/07.

²⁷⁶ Telephone interview with Dion Aroner, 4/25/07.

²⁷⁷ In-person interview with Jill Duerr Berrick, 3/19/07.

²⁷⁸ Hope Cooper, Miriam Krinsky, Greg Rose.

RECOMMENDATIONS

Recommendations are geared towards child welfare stakeholders in California as discussed in the **Child Welfare Stakeholders** section of this report, including CDSS, elected state and county officials, associations and other groups, researchers, advocacy groups, county welfare agencies, children and families in or at risk of entering the system, service providers, the public, and the media.

Based on the research conducted for and included in this report, recommendations for California child welfare stakeholders are as follows:

- 1) Assess how aware child welfare stakeholders are of child welfare waivers, their advantages and challenges, and their possible implications.**
 - California stakeholders have a responsibility to understand the complexity of the issues involved in CAP, including but not limited to what conclusions can ultimately be drawn from the CAP experience. Stakeholders should not let results from California's CAP be manipulated and used beyond their means.
 - Key stakeholders should follow CAP's progress, both in California and how results are used on the national level. California county welfare directors and state legislators should have a particular interest in ensuring child welfare is not detrimentally block granted. CDSS can play a valuable leadership role in terms of speaking out on the pros and cons of CAP and how its results can safely be used.
 - In terms of following CAP's progress, CDSS and the CAP Evaluator could communicate successes and challenges throughout the five years of CAP, which will increase stakeholders' understanding of CAP and waivers, and may help avoid situations like the failure of California's first IV-E waiver to be cost neutral.
- 2) Regarding communication and message building around issues related to CAP:**
 - The public can benefit from a higher level of education about child welfare issues, and should be a more informed and involved stakeholder in the child welfare system. This requires more coverage by the media and clear communication from current stakeholders (e.g., California counties) about the subtleties of child welfare, the complexity of its funding system, what waiver outcomes imply or don't imply, etc. Message creation is a major challenge; how do counties, for example, explain that welfare reform was positive but child welfare block grants may not be positive? How is such a complex system, vis-à-vis funding and otherwise, explained to the media and to the public? This is a potentially difficult task but worth pursuing by stakeholders.
 - Lines of communication between child welfare stakeholders should be opened or should continue to be open, e.g., between group home providers and CAP counties. (Group home providers may find their worlds changing significantly in part because of CAP, yet they presumably want the best outcomes for children and youth. Lack of honesty and

communication between parties could be counter-productive to CAP and to providing the best possible services for children in care.)

- Current commissions, alliances, etc. could be evaluated to determine if the basis already exists for child welfare stakeholders to communicate with each other and keep abreast of program and policy changes such as CAP. Does a new workgroup need to be created to provide such a forum?

- 3) Strengthen the CAP evaluation.** The Evaluation would benefit from being more rigorous; adding comparison counties, for example, should not be overly expensive nor entail too much administrative burden for comparison counties. Also, the Evaluation should be clearer about (a) the importance of the Process Study, i.e., that the Process Study may be where people can learn the most about CAP; and (b) how outcomes data should not be used, so that CAP observers do not make inaccurate comparisons between counties using AB 636 measures or well-being measures. In addition, more stakeholders could be brought to the Evaluation table, e.g., researchers, advocates, and non-participatory counties. Not enough stakeholders seem to be talking with each other about CAP and its possible implications.
- 4) Advocate for updating the federal financing system.** Elements of the system such as the AFDC lookback are in need of reform. Beyond eliminating the lookback, other possible suggestions for updating the system include but are not limited to providing incentives for states to implement prevention activities, and increasing opportunities for flexible federal child welfare funding. (Please note that the CWS Stakeholders Group recommended advocating for federal financing reform at the national level;²⁷⁹ the Group also established four statewide workgroups, including a flexible funding workgroup.²⁸⁰ This may be an appropriate forum from which to advocate for updating the federal financing system.)
- 5) If a child welfare block grant seems imminent, stakeholders should advocate for certain elements,** such as ensuring that the federal funding amount would be able to adjust to unexpected increases in caseloads, and ensuring accountability (i.e., continued federal responsibility and participation).

²⁷⁹ <http://www.cwsredesign.ca.gov/res/pdf/CWSExecutiveSummary.pdf>, p. 12.

²⁸⁰ “CWS Redesign Chronology” at <http://www.cwsredesign.ca.gov/>.

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- Britt, Candice. Special Projects Coordinator, North Carolina Division of Social Services, 5/9/07.
- Dietrich, Patrice. Chief Financial Officer, Community Services Agency, Stanislaus County, California, 5/10/07.
- Duerr Berrick, Jill. Professor, School of Social Welfare, University of California, Berkeley, 3/28/07 and 5/8/07.
- Flint, Candace. Fiscal Analyst, Employment and Human Services, Contra Costa County, California, 4/19/07.

Graham, Elliott. Director, James Bell Associates, 3/9/07, 3/12/07, 3/13/07, 3/19/07, 3/20/07, 5/9/07 and 5/14/07.

Jeter, Debby. Deputy Director, Family and Children's Division, San Francisco Human Services Agency, San Francisco City and County, California, 3/22/07.

Kerr, Susan. Chief Deputy Director, Los Angeles County Department of Children and Family Services, California, 4/26/07 and 5/3/07.

Krinsky, Miriam. Member, ABA Youth At Risk Commission, 5/13/07.

Levenson, Leo. Finance Director, San Francisco Human Services Agency, San Francisco City and County, California, 3/21/07 and 3/22/07.

Lewis, Adrienne. Director, Southern Region, Child Welfare League of America, 4/30/07.

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