



John Keel, CPA
State Auditor

Child Protective Services Funding, Direct Delivery Staff, and Disproportionality Efforts at the Department of Family and Protective Services

An Audit Report on

April 2, 2013

Members of the Legislative Audit Committee:

The State Auditor's Office audited the Department of Family and Protective Services (Department) to determine whether the Department maximized and spent funds for caseworkers in accordance with selected requirements and complied with reporting requirements regarding its efforts to reduce disproportionality among children in the Child Protective Services (CPS) system.

The Department spent and transferred funds for CPS direct delivery staff as authorized by the General Appropriations Act. The Department was appropriated \$420,875,517 for CPS direct delivery staff in fiscal year 2012 (see Table 1). The Department transferred \$79.3 million to a cost pool for indirect and shared costs across the Department's strategies and \$1.9 million to other line items as authorized by the General Appropriations Act (82nd Legislature).¹ From \$332.6 million² in appropriated funds, the Department spent \$327.0 million (98.3 percent) on payroll and travel, which are reasonable costs for direct delivery staff.

In fiscal year 2012, the Department was appropriated 11,188.3 full-time equivalent (FTE) employees. The General Appropriations Act (82nd Legislature) allocated 8,109.9 FTEs to Strategy B.1.1 for CPS direct delivery staff. The Department allocated the FTEs to each of its 11 regions based on regional workloads.

The Department cut some direct delivery staff positions for fiscal year 2012. To address budget constraints, the Department reported it cut a total of 438.7 FTEs for fiscal year 2012 from its fiscal year 2011 totals, including 354 direct delivery staff FTEs. To preserve caseworker positions for fiscal year 2012, the Department added 46 FTE caseworker positions while it reduced support staff, caseworker supervisor, and senior/special investigator FTE positions. As a result, the Department was able to maintain the proportion of authorized direct delivery staff FTEs to non-direct delivery staff FTEs (see Figure 1 on the next page).

Table 1

Strategy B.1.1 Provide Direct Delivery Staff for Child Protective Services Appropriations	
Fiscal Year	Appropriated Funds
2008	\$345,864,494
2009	\$346,531,209
2010	\$373,549,411
2011	\$423,040,556
2012	\$420,875,517
2013	\$420,890,772

¹ The transfers were authorized in Rider 2, page II-37; Rider 5, page II-38; and Rider 15, page II-41. See Section 2 in the attachment to this letter for more information about these riders.

² As of November 2012, the Department had not spent \$8.7 million of its fiscal year 2012 appropriations. In addition, the totals do not sum precisely due to rounding.

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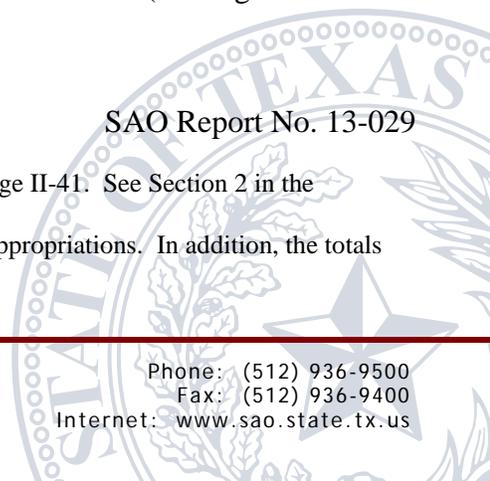
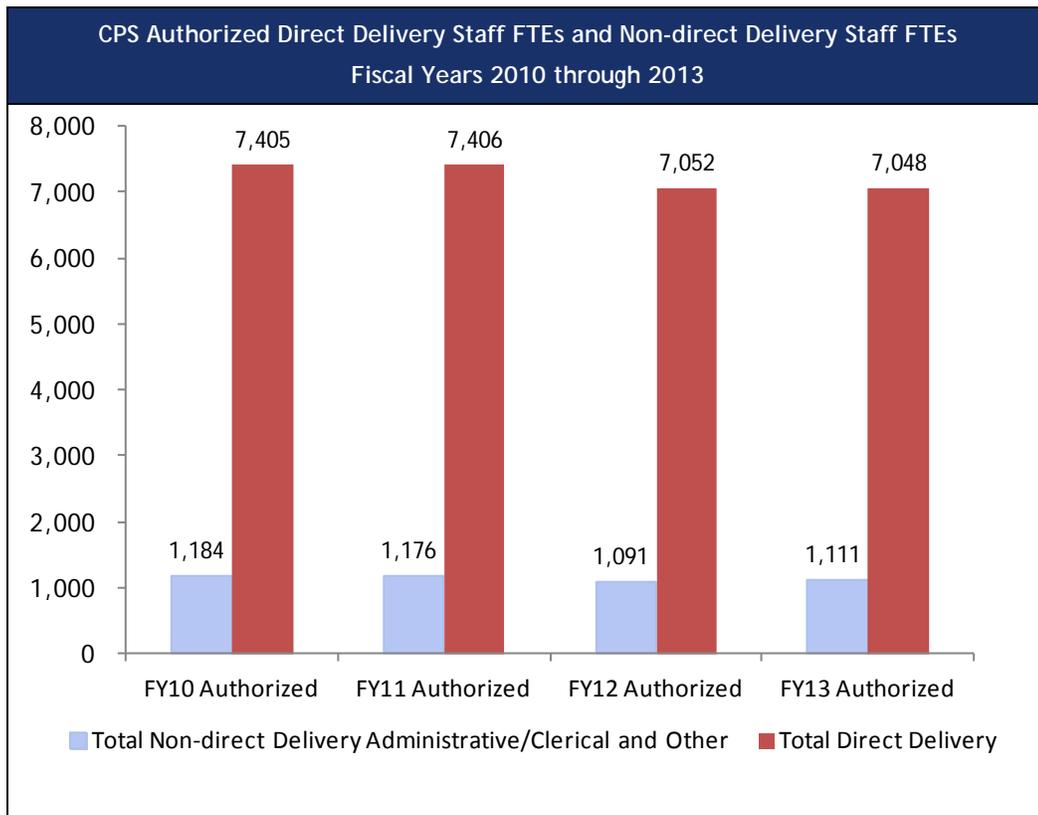


Figure 1



Source: Unaudited data from the Department.

CPS caseworkers who changed jobs within CPS generally remained in CPS direct delivery support positions. In fiscal year 2012, CPS caseworkers who changed jobs within CPS generally followed the caseworker career track. Of the 191 CPS caseworkers who changed jobs within CPS in fiscal year 2012, 129 (67.5 percent) moved up to become CPS supervisors. CPS caseworkers also frequently became specialists (non-caseworkers), administrative assistants, legal liaisons, and human services technicians within CPS. Existing CPS employees who became CPS caseworkers in fiscal year 2012 came primarily from the following positions: CPS supervisors, specialists (non-caseworkers), administrative assistants, and human services technicians.

The Department also receives additional FTEs through an outreach program with counties to assist with paying for child protective services. As of November 2012, 10 counties provided 166.5 FTE direct delivery staff positions. Those positions included CPS caseworkers, court liaisons, and administrative technicians.

The Department has made efforts to address disproportionality issues; however, the loss of disproportionality specialists could slow its progress. The Department tracks the race/ethnicity of children in the CPS system and reports annually on the population, intakes, investigations, and removals of children in each race/ethnicity category for seven large, urban counties.³ The Department reported that African American children disproportionately enter and remain in the CPS system. To reduce or eliminate that disparity, the Department participates in several initiatives (see Section 3 in the attachment to this letter for more information about those initiatives). The Department believes that its efforts to address disproportionality have been hindered because it lost regional disproportionality staff in fiscal year 2012 to the Health and Human Services Commission's Center for Elimination of Disproportionality and Disparities, which was created in 2011. As of February 2012, the Department had no disproportionality specialists located in the regions.

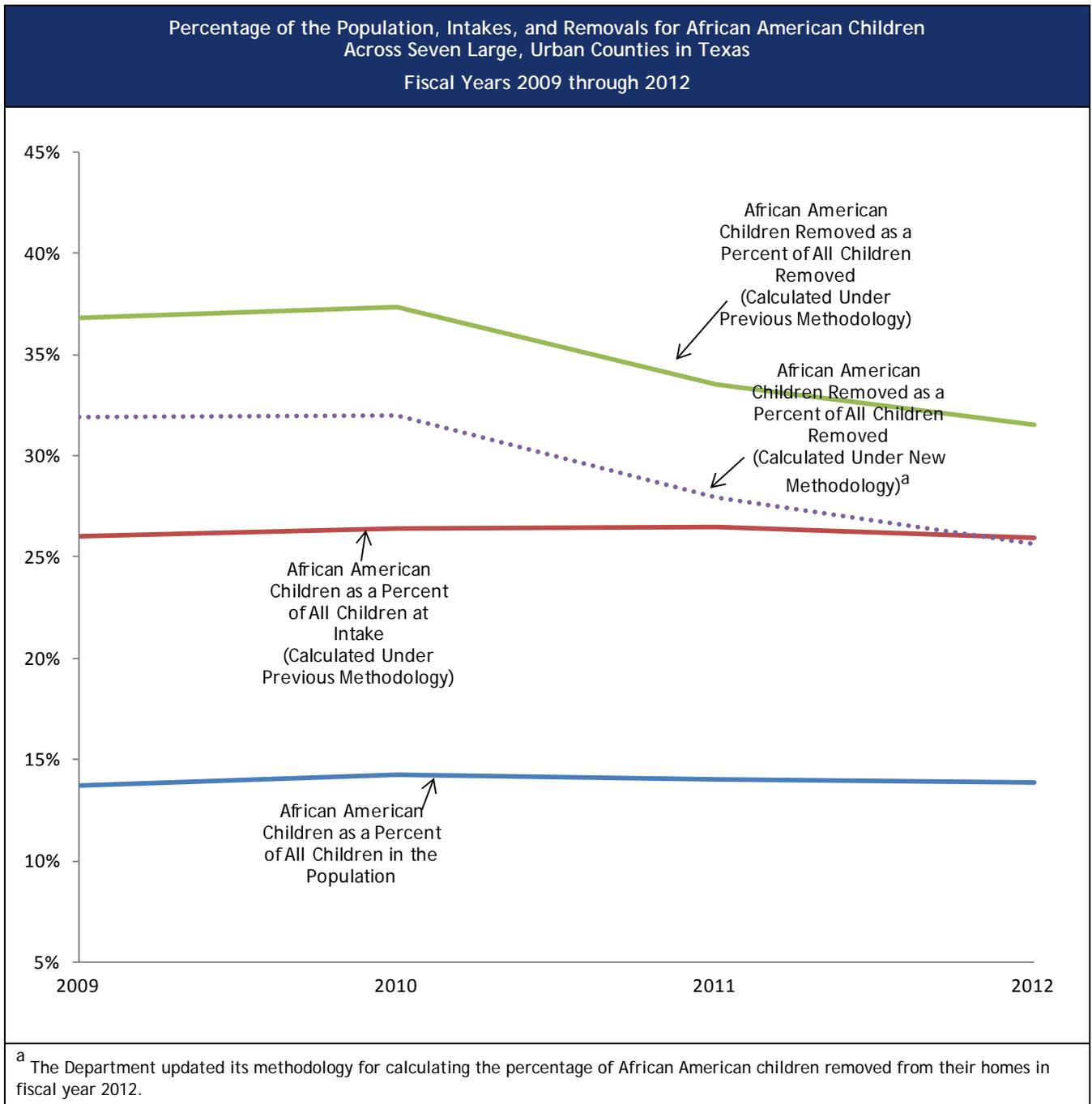
In addition, the Department adopted a new methodology for categorizing race/ethnicity in its October 2012 Rider 17 report⁴ to be consistent with the Health and Human Services Commission's methodology. However, that new methodology may have the effect of understating the scale of the disparities that African Americans face in the CPS system. Specifically, the new methodology designates as "Hispanic" any individual with Hispanic ethnicity, regardless of race. For example, an individual of African American race with Hispanic ethnicity would be categorized as "Hispanic." Moreover, individuals with more than one race are identified in the "Other" race category. For example, in fiscal year 2012, the new methodology resulted in the reclassification of 457 African American children removed from their homes to "Hispanic" or "Other" race/ethnicities. In the October 2012 Rider 17 report, the Department reported its disproportionality statistics using both the previous and new methodologies.

Figure 2 on the next page shows the percentage of the population, intakes, and removals for African American children across the seven large, urban counties for fiscal years 2009 through 2012. The dotted line represents removals for the same time period using the new methodology that the Department used for its October 2012 report.

³ The Department reports that information as required by Rider 17, page II-41, General Appropriations Act (82nd Legislature) for Bexar, Dallas, El Paso, Harris, Hidalgo, Tarrant, and Travis counties.

⁴ Rider 17, page II-41, General Appropriations Act (82nd Legislature) requires the Department to file an annual report on the number of children removed from their homes, by ethnic group, in the seven largest urban regions.

Figure 2



Source: Unaudited data reported by the Department.

Recommendations

The Department should:

- Consider working with the Health and Human Services Commission and/or the Legislature to add disproportionality specialist positions to the regions that have the greatest need for those specialists.
- Continue to report disparities using both the previous and the new methodologies for categorizing race/ethnicity until it has worked with the Health and Human Services Commission's Center for Elimination of Disproportionality and Disparities to ensure that the revised methodology does not understate the disparities faced by African Americans in the CPS system.

The Department agreed with the above recommendations and its management's response is in the attachment to this letter.

Sincerely,

John Keel, CPA
State Auditor

Attachment

cc: Dr. Kyle Janek, Executive Commissioner, Health and Human Services Commission
Mr. John J. Specia, Jr., Commissioner, Department of Family and Protective Services



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Attachment

Section 1

Objectives, Scope, and Methodology

Objectives

The objectives of this audit were to:

- Determine whether the Department of Family and Protective Services (Department) complies with state law, regulations, and relevant provisions of the General Appropriations Act in administering selected child protective services (CPS) strategies, including the hiring of direct delivery staff and management of caseloads.
- Determine whether the Department has adequate processes and related controls to help ensure that its reported performance measures results for selected CPS strategies are reliable and that the Department uses those results to help manage the associated programs.

This report is the first of two reports addressing the objectives. The sub-objectives for this report were to:

- Determine whether funds for caseworkers were maximized and spent in accordance with the General Appropriations Act, state law, and regulations.
- Determine whether the Department's disproportionality efforts comply with legislative intent, guidance, and policy.

Scope

The audit scope included reviewing and analyzing fiscal year 2012 appropriations, expenditures, and transfers related to Strategy B.1.1 - Provide Direct Delivery Staff for Child Protective Services. In addition, auditors reviewed the Department's disproportionality efforts and reporting of population, intakes, investigations, and child removals for fiscal years 2009 through 2012.

Methodology

The audit methodology included collecting and reviewing information and documentation; analyzing the methodology used to report population, intakes, investigations, and removals of children in each race/ethnicity category for

seven large, urban counties; and interviewing management and staff at the Department.

Auditors assessed the reliability of the financial data used in the audit by (1) comparing the data to other sources of data, such as the Uniform Statewide Accounting System (USAS), (2) analyzing key data elements for completeness and reasonableness, and (3) interviewing Department employees knowledgeable about the data. Auditors determined that the data was sufficiently reliable for the purposes of this audit.

To test compliance with General Appropriations Act funding requirements, auditors randomly sampled payroll transactions for 120 employees paid from Strategy B.1.1 - Provide Direct Delivery Staff for Child Protective Services in December 2011 and July 2012.

Information collected and reviewed included the following:

- General Appropriations Acts (80th, 81st, 82nd Legislatures).
- The Department's Rider 17 reports on minority child removals for 2009 through 2012.
- USAS data.
- Information from the Department's Web site, including:
 - ♦ *Disproportionality in Child Protective Services, Updated Results of Statewide Reform Efforts Report*, August 2011.
 - ♦ *DFPS 2012 Data Book* and *DFPS 2011 Data Book*.
- Department employee staffing data.
- Department county-funded positions for CPS.
- Contracts between the Department and counties.

Procedures and tests conducted included the following:

- Interviewed Department management and staff.
- Analyzed methodology for reporting minority child removals.
- Reviewed USAS data for expenditures and transfers.
- Reviewed authorized positions for CPS employees.
- Analyzed staffing transfers within CPS.

- Analyzed outreach programs and contracts for county-funded CPS positions.

Criteria used included the following:

- General Appropriations Acts (80th, 81st, 82nd Legislatures).

Project Information

Audit fieldwork was conducted from November 2012 through February 2013. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The following members of the State Auditor's staff performed the audit:

- Jennifer R. Wiederhold, CGAP (Project Manager)
- Scott Boston, MPAff (Assistant Project Manager)
- Jeffrey D. Criminger
- Derek J. Felderhoff, MBA
- Jacqueline M. Gomez
- Justin H. Griffin, CISA
- Anca Pinchas, CPA, CISA, CIDA
- Sherry Sewell, CGAP
- Lisa M. Thompson
- Charles Wilson, MPAff
- Brenda Zamarripa, CGAP
- Dennis Ray Bushnell, CPA (Quality Control Reviewer)
- Nicole M. Guerrero, MBA, CIA, CGAP, CICA (Audit Manager)

Related Riders from the General Appropriations Act (82nd Legislature)

Rider 2. Capital Budget.

None of the funds appropriated above may be expended for capital budget items except as listed below. The amounts shown below shall be expended only for the purposes shown and are not available for expenditure for other purposes. Amounts appropriated above and identified in this provision as appropriations either for "Lease Payments to the Master Lease Purchase Program" or for items with an "(MLPP)" notation shall be expended only for the purpose of making lease-purchase payments to the Texas Public Finance Authority pursuant to the provisions of Texas Government Code, Section 1232.103.

	<u>2012</u>	<u>2013</u>
a. Acquisition of Information Resource Technologies		
(1) Desktop Services Lease for Computer Hardware and Software	\$ 4,044,776	\$ 4,044,776
(2) IMPACT Operational Enhancement	1,509,174	1,509,174
(3) Tablet PCs for Mobile Casework	7,292,109	7,292,109
(4) Software Licenses	1,975,387	1,975,387
(5) Data Center Consolidation	2,964,318	2,887,793
(6) National Youth in Transition Database	243,482	243,482
(7) CLASS Operational Enhancements	<u>\$ 500,000</u>	<u>\$ 500,000</u>
 Total, Acquisition of Information Resource Technologies	 <u>\$ 18,529,246</u>	 <u>\$ 18,452,721</u>
 Total, Capital Budget	 <u>\$ 18,529,246</u>	 <u>\$ 18,452,721</u>
 Method of Financing (Capital Budget):		
<u>General Revenue Fund</u>		
General Revenue Fund	\$ 9,886,044	\$ 9,848,460
GR Match for Medicaid	176,867	176,116
Subtotal, General Revenue Fund	<u>\$ 10,062,911</u>	<u>\$ 10,024,576</u>

Rider 5. Accounting of Support Costs.

The State Comptroller shall establish separate accounts from which certain support costs shall be paid. The Department of Family and Protective Services is hereby authorized to make transfers into separate accounts from line item strategies in order to pay for these expenses in an efficient and

effective manner. Only costs not directly attributable to a single program may be budgeted in or paid from these accounts. Items to be budgeted in and paid from these accounts include but are not limited to: postage, occupancy costs, equipment repair, telephones, office printing costs, supplies, freight and transport costs, telephone system costs, and salary and travel costs of staff whose function supports several programs. The Department shall be responsible for quarterly allocations of these costs to the original strategies.

Rider 15. Limitation on Transfers: CPS Direct Delivery Staff.

a. Funding. Notwithstanding any other transfer provision in the Act, none of the funds appropriated by the Act to the Department for Strategy B.1.1, CPS Direct Delivery Staff may be transferred to any other item of appropriation or expended for any purpose other than the specific funds for which the funds are appropriated without the prior written approval of the Legislative Budget Board and the Governor.

b. Full-time-equivalent (FTE) Positions. Out of the FTE positions appropriated to the Department, 8,109.9 positions for fiscal year 2012 and 8,109.9 positions for fiscal year 2013 are allocated to Strategy B.1.1, CPS Direct Delivery Staff.

Notwithstanding any other transfer provision in this Act, none of the FTEs allocated by this Act to the Department for Strategy B.1.1, CPS Direct Delivery Staff, may be transferred to any other item of appropriation or utilized for any purpose other than the specific purpose for which the FTEs are allocated without prior written approval of the Legislative Budget Board and the Governor.

Rider 17. Reporting Requirement on Minority Child Removals.

The Department of Family and Protective Services shall report, by October 1 of each year of the biennium, to the House Appropriations Committee, the Senate Finance Committee, the Legislative Budget Board, and the Governor, the number of children removed from their homes by child protective services and the number of children investigated, by ethnic group, in the seven largest urban regions of the state during the preceding fiscal year. The Department may include the information in an existing report or a new report.

Summary of Department Initiatives Addressing Disproportionality¹

Background

Definitions

Disproportionality - The overrepresentation of a group of people in a program or system.

Disparities - The unequal or different treatment or services provided to one group as compared to another group.

The Department of Family and Protective Services' (Department) Child Protective Services (CPS) unit began an effort to address disproportionality in 2004 by gathering data to measure and help CPS understand the extent of the issue. CPS determined that African American and Native American children in Texas are disproportionately overrepresented in the CPS system, as they are in all 50 states. While Hispanic children are not overrepresented at the state level, they experience disparities at different points in the CPS system.

CPS Staff Training

Since 2004, CPS's activities have included developing leadership, training staff, and evaluating and adjusting its policies to address disproportionality. In 2006, CPS partnered with Casey Family Programs to train CPS caseworkers using Casey Family Program's "*Knowing Who You Are...Helping Kids in Care Develop Their Racial and Ethnic Identity.*" As of October 2012, the Department reported that more than 5,000 CPS staff have completed that training. In addition, that training is required for all new CPS caseworkers.

Kinship Care and Family Group Decision Making

"Kinship care" is the term used to describe situations in which children who are no longer able to live with their own parents are cared for by relatives or other people who have a significant relationship with the child or the child's family. Kinship placements can help preserve the children's connections to family, community, and culture. By offering limited financial assistance and providing ongoing casework and day care support for eligible kinship caregivers, CPS reported it increased the number of children in state custody who reside with family instead of in foster care.

Since 2004, CPS has used "Family Group Decision Making" conferences to support kinship placements. CPS uses a variety of conference models, including family team meetings, family group conferences, and circles of support. Those conferences encourage greater family involvement and control in decisions about the children in their care. The conferences are offered at four primary points of CPS involvement: during investigations, at the time of removal, during placement, and when a youth is transitioning from substitute care to adulthood.

¹ Department staff provided the information about efforts to address disproportionality presented in this section.

Enhanced Family-centered Safety Decision Making

This initiative is designed to strengthen CPS employees' ability to engage families and assess safety and risk more effectively. CPS will focus on the caseworker's development of critical thinking skills to ensure case decisions center on child safety and not race or poverty.

Diligent Recruitment Grant

The Department is working collaboratively with Court Appointed Special Advocates for Children (CASA) on a federal grant in Regions 3 (Arlington), 4 (Tyler), and 5 (Beaumont) to recruit potential foster and adoptive families that reflect the ethnic and racial diversity of children in foster care. Those recruitment efforts are specifically designed to mitigate the effects of the disproportionate representation of children of color in foster care. To continue this effort, CPS faith-based recruiters will participate in local events, use local media outlets in English and Spanish and specialized outreach materials, and partner with AdoptUsKids and AdoptChildren.

Permanency Care Assistance

Permanency Care Assistance, one of the provisions of the federal Fostering Connections Act, provides family members with long-term financial assistance for children who cannot be adopted or returned to their parents. Permanency Care Assistance involves a strategic approach to achieve a permanent living arrangement for children by using timely kinship notification after removal, diligent searches for relatives, and recruitment of kinship caregivers to provide permanent homes.

In addition, Casey Family Programs gives financial assistance to help kinship families with nonrecurring initial expenses needed to become verified as a foster home. The Department reported that, based on data from August 2012, African American children were exiting to permanent managing conservatorship with Permanency Care Assistance benefits in higher percentages than in previous time periods.

Permanency Roundtables

A permanency roundtable is an internal case consultation process designed to facilitate a discussion about a child's permanency plan and to develop a child's specific permanency action plan. The permanency roundtable is a structured meeting facilitated by a permanency practitioner and attended by child welfare experts. The target populations for permanency roundtables are children with permanent managing conservatorship without termination of parental rights, children over the age of 6, children not in a placement intended to be permanent, sibling groups, children with an extended amount of time in state care, and children of color.

Due to their overrepresentation in the CPS system, children of color are more likely to be in the permanency roundtable population. These roundtables have the potential to decrease the number of children in foster care, while also increasing the number of children in care for more than 18 months who exit to positive permanency. As of March 2013, CPS had 11 regional permanency practitioners and 1 state office permanency practitioner, and it had implemented permanency roundtables in Regions 6 (Houston), 8 (San Antonio), and 10 (El Paso).

The Advisory Committee on Promoting Adoption of Minority Children

The Advisory Committee on Promoting Adoption of Minority Children (Committee) was established to advise the Department on policies and practices that affect the recruitment and licensing of families for minority children awaiting adoption. Specifically, the Committee is charged with studying, developing, and evaluating programs and projects relating to community awareness and education, family support, counseling, parenting skills and education, and reform of the CPS system. In 2011, the Committee began partnering with Regional Disproportionality Advisory Committees and faith-based communities to organize disproportionality-focused community adoption forums, sponsored by Casey Family Programs. The goal of this partnership and of the forums is to increase adoptions of children of color. As of October 2012, the Department reported that forums had been held in Abilene, Houston, and Dallas. After each forum, the Committee returns to the community to meet with key stakeholders, including regional CPS employees, to determine the best manner for each community to continue addressing the need for increased adoptions of children of color.

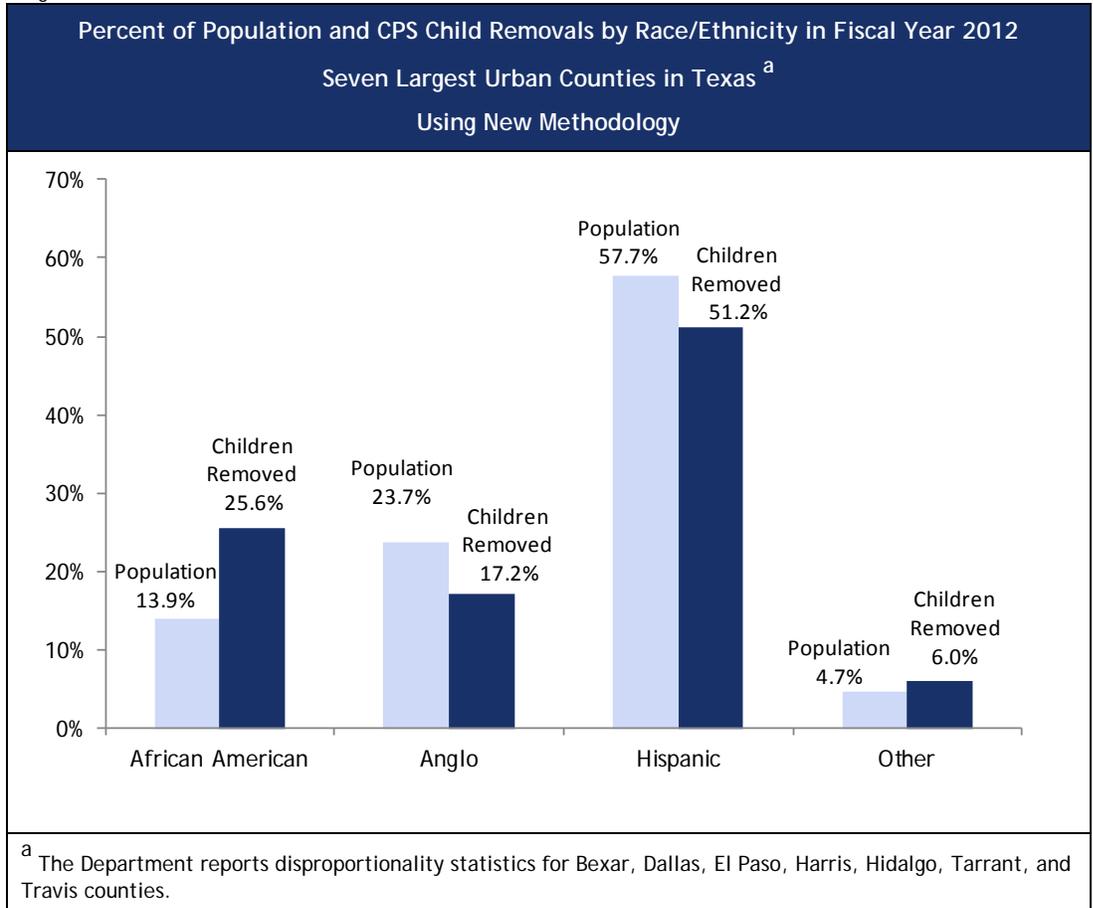
Texas Fatherhood Initiative

The goal of the Texas Fatherhood Initiative is to build greater capacity within CPS to serve fathers and increase awareness of effective models of service that engage fathers (even if those fathers do not currently live in the homes of their children or are not actively involved in their children's lives).

CPS Child Removals by Race/Ethnicity in Fiscal Year 2012 for the Seven Largest Urban Counties

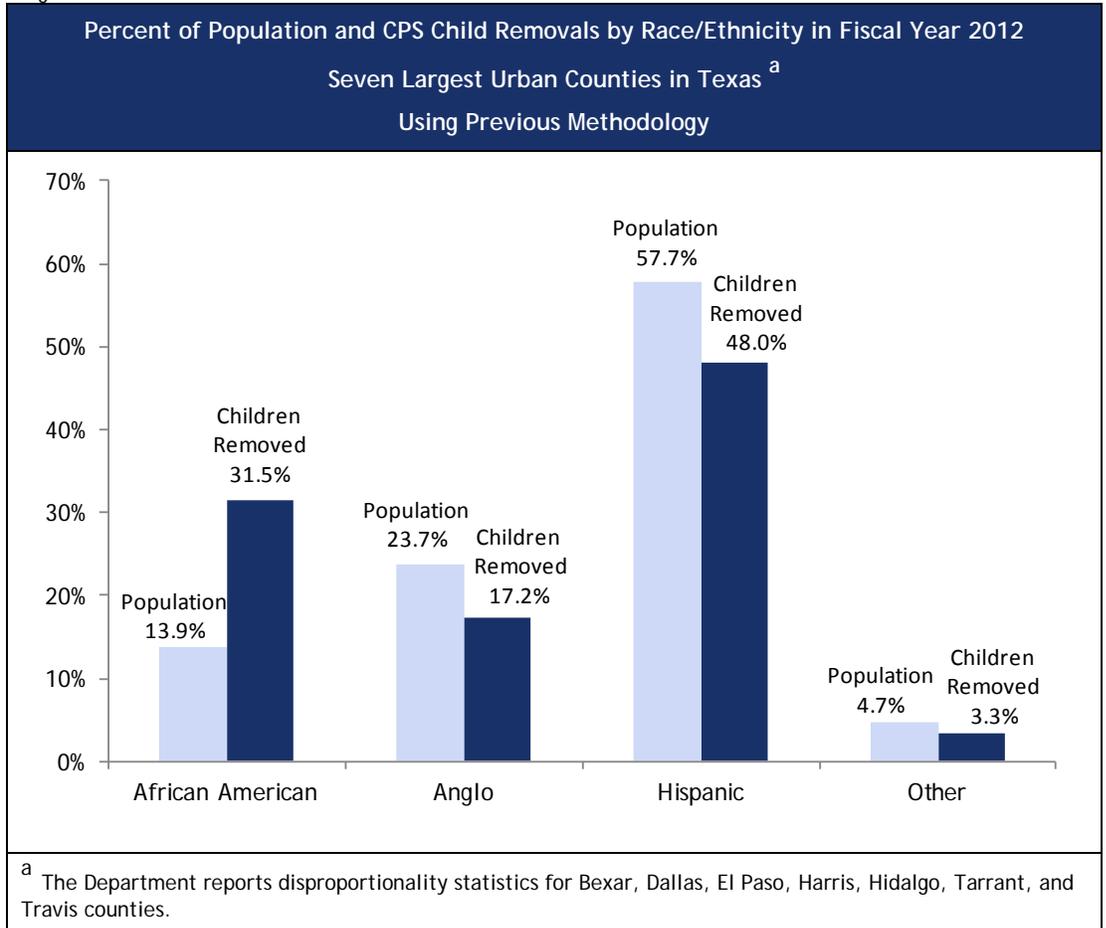
Figures 3 and 4 show the race/ethnicity of the children removed from their homes by the Department of Family and Protective Services' Child Protective Services (CPS) unit in the seven largest urban counties in fiscal year 2012 using CPS's new methodology and its previous methodology.

Figure 3



Source: Unaudited data reported by the Department of Family and Protective Services.

Figure 4



Source: Unaudited data reported by the Department of Family and Protective Services.

Management's Responses



TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES

COMMISSIONER
John J. Specia, Jr.

March 21, 2013

John Keel, CPA
Texas State Auditor
P. O. Box 12067
Austin, Texas 78711-2067

Dear Mr. Keel:

Please find enclosed our management responses with regard to audit recommendations in the Child Protective Services' Funding, Direct Delivery Staff, and Disproportionality Efforts at the Department of Family Protective Services audit report. Overall, we agree with the audit recommendations and offer our responses to the recommendations in the attached document.

We have carefully reviewed the information contained in the draft audit report and appreciate the opportunity to provide our response to the audit findings and recommendations.

Sincerely,

A handwritten signature in blue ink, appearing to read "John J. Specia, Jr.", is written over a horizontal line.

John J. Specia, Jr.
Commissioner
Department of Family Protective Services

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**Department of Family and Protective Services (DFPS)
Management Responses to the State Auditor's Office Audit Report on:**

**Child Protective Services' Funding, Direct Delivery Staff, and Disproportionality
Efforts at the Department of Family and Protective Services**

The Department should:

- **Consider working with the Health and Human Services Commission and/or the Legislature to add disproportionality specialist positions to the regions that have the greatest need for those specialists.**

Response:

From 2005 through 2011, dedicated CPS Disproportionality Specialists worked with CPS regional leadership and community stakeholders to address disproportionality in all stages of service and serve as a regional point of contact. This model was highly responsive to DFPS needs, providing an important focus on child welfare issues and a coordinated approach with the agency and local communities.

DFPS will work with the Health and Human Services Commission to determine the regions that would most benefit from reassignment of regional disproportionality specialists back to CPS within existing resources.

Responsible Party: CPS State Disproportionality Manager
Estimated Completion Date: August 2013

- **Continue to report disparities using both the previous and the new methodologies for categorizing race/ethnicity until it has worked with the Health and Human Services Commission's Center for Elimination of Disproportionality and Disparities to ensure that the revised methodology does not understate the disparities faced by African Americans in the CPS system.**

Response:

DFPS will continue its practice of reporting disparities using both the previous and new methodologies, and will coordinate with the Health and Human Services Demographer and the Health and Human Services Commission's Center for the Elimination of Disproportionality and Disparities in a collaborative effort to identify a standard methodology that accurately reflects the disparities faced by any population in the CPS system.

Responsible Party: CPS State Disproportionality Manager
Estimated Completion Date: August 2013