INVEST IN THE FOSTER CARE DIRECT CARE WORKFORCE

A TACFS WHITEPAPER

JANUARY 2021

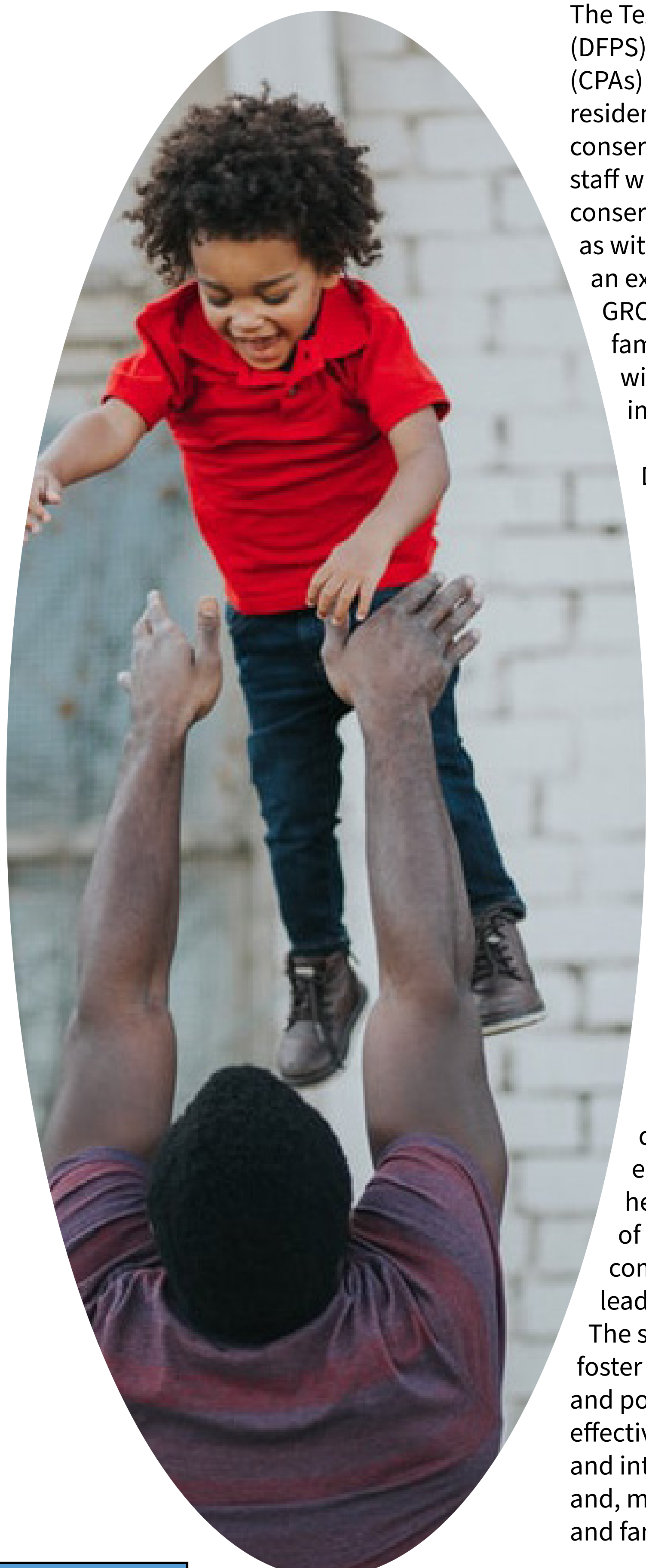
tacfs
TEXAS ALLIANCE OF CHILD AND FAMILY SERVICES

the center
TEXAS CENTER FOR CHILD AND FAMILY STUDIES

TABLE OF CONTENTS

LIST OF FIGURES

EXECUTIVE SUMMARY



The Texas Department of Family and Protective Services (DFPS) contracts with licensed Child Placing Agencies (CPAs) and General Residential Operations (GRO) to provide residential child care services for children in its managing conservatorship. These organizations employ direct care staff who play a critical role in helping children in DFPS conservatorship achieve positive permanency outcomes. Just as with the DFPS Child Protective Services (CPS) workforce, an experienced, trained, and stable workforce at CPAs and GROs is associated with positive outcomes for children and families. Reduced turnover results in more contacts/visits with children and families, better service delivery, and improved safety, permanency, and well-being.

Despite the utmost importance of the foster care direct care workforce, many CPAs and GROs lack the funding they need to develop and sustain a skilled workforce. The funding shortfall experienced by CPAs and GROs has a direct impact on their direct care staffing. The estimated amount of additional funding that was needed to fully fund the staffing component of the rate paid to CPAs and GROs for the FY2020—21 biennium was $23.5 million in All Funds. The appropriations adopted by the Texas Legislature for the FY2020—21 biennium were significantly below the amounts needed to fully fund CPA and GRO rates. Furthermore, even if the proposed rates were fully funded, additional funding would be needed to cover total allowable costs because the proposed rates are below total allowable costs.

Due to inadequate state funding and limited access to private and grant funding exacerbated by the COVID-19 pandemic, CPAs and GROs struggle to pay their direct care staff competitive wages compared to other employers, including CPS. The state of Texas has more heavily invested in improving the quality and retention of CPS staff, which has created a lack of parity in salaries compared to those offered by CPAs and GROs. This can lead to competition in the recruitment of direct care staff. The state of Texas should fund quality investments in the foster care direct care workforce to ensure a stable workforce and positive outcomes for children and families. A quality, effective workforce will, in turn, lead to better coordination and integration of services, more efficient use of public funds, and, most importantly, positive outcomes for children, youth, and families.

OBJECTIVES, SCOPE & METHODOLOGY

Objectives: The purpose of this review was to identify options to fund quality investments in the foster care direct care workforce.

Scope: This report defines foster care direct care workforce as including direct care staff employed by CPAs and GROs.

Methodology: Data and information was collected using the following quantitative and qualitative research methods:

Best Practice Research: Information on the foster care direct care workforce was collected through a review of relevant literature.

Analysis of Administrative Documents: Administrative documents from the Texas Health and Human Services Commission (HHSC) and DFPS were reviewed to obtain an understanding of the foster care system in Texas, including rate setting, appropriations, and state funding initiatives.

Focus Group: Qualitative information was collected during a focus group conducted in February 2020 with Texas child welfare providers, including CPAs and GROs. Participants were asked about how the current rate structure contributes to instability in their foster care direct care workforce as well as strategies for investing in this workforce.

Provider Survey: Texas CPAs and GRO providers were surveyed in May and June 2020 to collect information on how current funding levels impact their ability to provide quality care to the children and families they serve. The survey also included a series of questions to assess the impact of the COVID-19 pandemic on the foster care direct care workforce.

OVERVIEW OF THE TEXAS FOSTER CARE SYSTEM

DFPS contracts with licensed CPAs to provide residential child care services for children in its managing conservatorship. These entities provide care, supervision, assessment, training, education, and treatment services to meet the needs of these children. CPAs train foster and adoptive parents and find homes for children. CPAs receive payments from the state for the care of foster children of which a portion is passed to foster families. As of August 31, 2019, there were 387 CPAs licensed by HHSC (note this count includes branch offices). CPAs have a key role in the Texas child welfare system. As shown in Figure 1, More than half of children (59.0 percent) in DFPS substitute care on August 31, 2019 were in foster care. Of the 17,247 children in foster care, more than two-thirds (67.9 percent), were placed in CPA foster homes. Only a small amount (8.0 percent) were placed in DFPS foster homes.

Figure 1: Number of Children in DFPS Substitute Care on August 31, Fiscal Year 2019

	Number	Percentage
Children in Foster Care	**17,247**	**59.0%**
Child Placing Agency Foster Homes	11,703	67.9%
DFPS Foster Homes	1,388	8.0%
Basic Child Care	856	5.0%
Residential Treatment Centers	1,782	10.3%
Emergency Shelters	758	4.4%
Other types of foster care	713	4.1%
Other care	47	0.3%
Other Types of Substitute Care	**11,995**	**41.0%**
Kinship Care	11,027	91.9%
CPA Adoptive Homes	366	3.1%
DFPS Adoptive Homes	152	1.3%
Other Substitute Care	450	3.8%
Total Number of Children in DFPS Substitute Care	**29,242**	**100.0%**

Source: DFPS Interactive Data Book, Fiscal Year 2019.

DFPS also contracts with GROs to provide residential child care services for children in its managing conservatorship. A GRO is a congregate care facility that provides residential services for 13 or more children up to the age of 18 years. GROs are licensed by DFPS and include long-term residential facilities that provide basic childcare, emergency shelters in which children are typically placed for less than 30 days, and more long-term residential treatment centers (RTC). An RTC provides care and treatment services exclusively for children with complex emotional and psychological needs. As of July 2020, there were 302 GROs licensed by DFPS.

As the state transitions to the Community-Based Care (CBC) model, CPAs and GROs will continue to play a critical part in serving children in the child welfare system. Per Senate Bill 11, 85th Regular Session (2017), Texas is transitioning its foster care system to CBC whereby a single contractor in a geographic service area, known as a Single Source Continuum Contractor (SSCC), is responsible for finding foster homes or other living arrangements for children in state care and providing them a full continuum of services. CPAs and GROs will contract with SSCCs to serve children under this new model. The CBC model will include both foster care and kinship placements and give the SSCC sole responsibility for case management (shifting that responsibility from CPS conservatorship staff). CBC is intended to allow a SSCC and the community more flexibility to innovate to meet the unique needs of the children, youth, and families in each designated service area. This increased flexibility comes with greater responsibility and accountability for overall safety, permanency, and well-being outcomes. The goals of this model are to: 1) Keep children and youth closer to home and connected to their communities and siblings; 2) Improve the quality of care and outcomes for children and youth; and 3) Reduce the number of times children move between foster homes.

CBC is rolling out in stages, whereby the SSCC takes on additional responsibilities over time, expanding to a few designated service areas at a time (known as catchment areas). DFPS is currently active in the following CPS regions:

- Region 1 – Texas Panhandle (Amarillo and Lubbock)
- Region 2 – 20 counties (Abilene and Wichita Falls)
- Region 3 – seven counties in the Ft. Worth/Western portion of the region (known as 3B)
- Region 8 – San Antonio and Bexar County (the procurement process is underway for expansion to remaining counties planned in FY2020—21 biennium)

The payment to each SSCC is a single blended case rate developed for that geographic area that is based on an average per diem payment rate for all children in paid foster care regardless of service level or placement type. As shown in Figure 2, foster care payments under CBC are budgeted to total $158.5 million in All Funds in fiscal year 2020, which is 30.1 percent of total spending on foster care payments.

Figure 2: Spending on Foster Care Payments, Fiscal Years 2018 to 2020

	FY 2018	**FY 2019**	**FY 2020**	
Foster Care Payments	$466,785,197	$435,902,404		69.5%
Residential Assistance Services for Medicaid Home and Community-Based Services (HCS) Waiver Placements	$1,722,813	$1,726,856	$1,900,000	0.4%
Community Based Care (Foster Care Redesign)	$46,567,907	$90,971,233	$158,457,453	30.1%
Total	**$515,075,917**	**$528,600,493**		**100.0%**

Note: The amounts for fiscal years 2018 and 2019 are expended. The amount for fiscal year 2020 is budgeted. DFPS foster children who are under the age of 18 may be offered Medicaid Home and Community Based Services (HCS). When HCS is the selected placement for foster care children, DFPS reimburses HHSC through an interagency contract for the residential assistance services provided to the DFPS children.
Source: DFPS Operating Budget for Fiscal Year 2020, as submitted December 1, 2019.

A well-established body of research supports the position that a supported, skilled, and informed workforce is central to improving safety, permanency, and well-being outcomes for children and families in the child welfare system. Research shows a strong and tenured workforce is critical to high quality case decision-making and family engagement. Reduced turnover of child welfare staff also results in improved outcomes through:

- More frequent contacts with children and families; and,
- Reduced number of placements (linked to improved permanency outcomes for children).

In addition to a strong CPS workforce, CPAs and GROs must have a competent and skilled workforce. Together, CPS and private agency employees represent a shared child welfare workforce, working together to achieve the best outcomes for children and families. There is a fluidity of this workforce, as some staff may move between state and private employment throughout their careers. This will continue as the CBC model expands, reducing the number of state staff and expanding use of SSCC caseworkers and continuing reliance on private CPAs and GROs.

Just as CPS competes with other employers (e.g., schools, hospitals) for social work graduates and professionals with other related degrees, private child welfare employers also compete with CPS. CPS has inherent advantages in the ability to offer more comprehensive benefits, including retirement benefits. These inequities are worsened by a lack of parity in salaries.

IMPORTANCE OF THE CHILD WELFARE DIRECT CARE WORKFORCE

A well-established body of research supports the position that a supported, skilled, and informed workforce is central to improving safety, permanency, and well-being outcomes for children and families in the child welfare system. Research shows a strong and tenured workforce is critical to high quality case decision-making and family engagement. Reduced turnover of child welfare staff also results in improved outcomes through:

- More frequent contacts with children and families; and,
- Reduced number of placements (linked to improved permanency outcomes for children).

> *"A well-trained, highly skilled, well-resourced and appropriately deployed workforce is foundational to a child welfare agency's ability to achieve best outcomes for the vulnerable children, youth and families it serves."*
>
> CASEY FAMILY PROGRAMS

In addition to a strong CPS workforce, CPAs and GROs must have a competent and skilled workforce. Together, CPS and private agency employees represent a shared child welfare workforce, working together to achieve the best outcomes for children and families. There is a fluidity of this workforce, as some staff may move between state and private employment throughout their careers. This will continue as the CBC model expands, reducing the number of state staff and expanding use of SSCC caseworkers and continuing reliance on private CPAs and GROs.

Just as CPS competes with other employers (e.g., schools, hospitals) for social work graduates and professionals with other related degrees, private child welfare employers also compete with CPS. CPS has inherent advantages in the ability to offer more comprehensive benefits, including retirement benefits. These inequities are worsened by a lack of parity in salaries.

FUNDING SHORTFALL

Despite the utmost importance of the foster care direct care workforce, many CPAs and GROs lack the funding they need to develop and sustain a skilled workforce. HHSC develops payment rates for the foster care program operated by DFPS. HHSC then authorizes DFPS to implement the payment rates. HHSC uses a methodology to develop proposed payment rates. Both the proposed and final rates are set below the allowable costs reported by foster care organizations, including CPAs and GROs. According to an analysis of foster care rates conducted by Deloitte Consulting, proposed rates are set by HHSC at approximately the 60th percentile of costs for all foster care organizations. Final rates are set based on direction from the Texas Legislature and may not necessarily stay at the 60th percentile.

According to DFPS, the incremental amount needed to fully fund foster care rates (i.e., final rates equal proposed rates) across all placement types and levels of care for the 2020-21 biennium was $149.7 million in All Funds (includes state and federal funds).

This amount translates to a 5 to 39 percentage increase over FY2018—19 rates, depending on level of care and placement type. The actual rate increases adopted by the Texas Legislature for the 2020—21 biennium were significantly below the amounts needed to fully fund rates. Also, not all levels of care received an increase. As a result, the foster care rates continue to not be fully funded. Furthermore, even if the proposed rates were fully funded, additional funding would be needed to cover total allowable costs because the proposed rates are below total allowable costs. Therefore, many CPAs and GROs continue to have a daily cost that exceeds the daily rate they are paid.

A portion of the $149.7 million incremental cost was to fully fund rates paid to CPAs and GROs.

- The incremental amount needed to fully fund CPA rates across all levels of care for the 2020-21 biennium was $55.1 million in state and federal funds. CPA rates include an amount that is passed through to foster families and an amount that is retained by the agency for operating costs. Of the $55.1 million, $42.5 million was for the foster family component of the rate and $12.6 million was for the retainage component.
- The incremental amount needed to fully fund GRO rates across all levels of care for the 2020-21 biennium was $19.9 million in state and federal funds.

The funding shortfall experienced by CPAs and GROs has a direct impact on the direct care staff employed by these organizations. As shown in Figure 3, the estimated amount of additional funding needed to fully fund the staffing component of the rate paid to CPAs for the 2020-21 biennium was $8.8 million in All Funds. As shown in Figure 4, the estimated amount of additional funding needed to fully fund the staffing component of the rate paid to GRO facilities for the 2020-21 biennium was $14.7 million. The estimated amounts to fully fund the staffing component were calculated by multiplying the incremental cost to fully fund rates reported by DFPS by the percentage of the statewide average allowable costs allocated by CPAs and GROs in their cost reports for staffing costs (i.e., wages, compensation, payroll taxes, workers compensation).

Figure 3: Incremental Cost to Fully Fund Staffing Component of CPA Rate, 2020-21 Biennium

Level of Care	Fully Funded Retainage Rate	Staffing Component of Fully Funded Retainage Rate	Increase over 2018-19 Rates	Incremental Cost to Fully Fund Staffing Component of Retainage Rate
Basic	$23.00	$16.10	7.48%	$5,289,622
Moderate	$40.94	$28.65	7.48%	$2,671,220
Specialized	$55.05	$38.53	7.48%	$771,734
Intense	$101.02	$70.70	7.48%	$101,207
Total				**$8,833,782**

Note: Based on utilization assumed in the December 2018 forecast.
Source: Analysis based on data reported by Texas Health and Human Services, Consolidated Budget Request Fiscal Years 2020—21.

Figure 4: Incremental Cost to Fully Fund Staffing Component of GRO Rate, 2020-21 Biennium

Level of Care	Fully Funded Rate	Staffing Component of Fully Funded Rate	Increase over 2018-19 Rates	Incremental Cost to Fully Fund Staffing Component of Rate
Basic	$48.57	$35.72	7.48%	$607,404
Moderate	$142.82	$105.04	38.62%	$5,974,037
Specialized	$212.36	$156.19	7.42%	$4,968,557
Intense	$298.12	$219.27	7.48%	$3,110,586
Total				**$14,660,584**

Note: Based on utilization assumed in the December 2018 forecast.
Source: Analysis based on data reported by Texas Health and Human Services, Consolidated Budget Request Fiscal Years 2020—21.

LACK OF PARITY BETWEEN DFPS AND PRIVATE SECTOR CHILD WELFARE WORKFORCE

DFPS and the Texas Legislature have invested in the CPS workforce out of recognition of the value of staff tenure and the cost of staff turnover (estimated to be $54,000 per employee lost). In response to the Texas Sunset Commission's 2014 review, a 2014 Operational Review performed by The Stephen Group, and internally driven improvements, DFPS initiated "CPS Transformation," which included a focus on improving recruitment and retention. In addition, the Legislature has made key investments in CPS staff, which are summarized in Figure 5.

Investment	**Description**	**Year Implemented**	**Location in Fiscal Year 2020—21 General Appropriations Act**
CPS Investigator Bonus	$5,000 annual bonus provided for investigative caseworkers.	Fiscal Year 2008—09 to Current	DFPS Rider 13
Locality Pay	Additional pay is allowed for employees working in specified counties based on local labor market conditions (to compete with energy exploration). This has been implemented in Region 9 counties (Midland, Andrews, Ector and Ward) (in FY2013, was $500/month, starting in FY2014, increased to $1,000/month).	Fiscal Year 2012—13 to Current	Special Provisions Section 15

College Degree Pay	Allows DFPS to pay 3.4 percent to 6.8 percent above the current base salary for employees with targeted college degrees (social work, counseling, early childhood education, psychology, criminal justice, elementary or secondary education, sociology, human services and child development).	Fiscal Year 2014—15 to Current	DFPS Rider 16
On Call Pay	DFPS may pay compensation for on-call time at the following rates: credit for one hour of base pay worked for each day of on-call during the normal work week, and two-hours of base pay worked for each day of on-call during a weekend and on holidays.	Fiscal Year 2014—15 to Current	DFPS Rider 22
High Risk Pay	DFPS may pay additional compensation of $50/month for select positions: *Child Protective Services Investigative caseworker and human service technician *Child Protective Services Conservatorship caseworker and human service technician *Child Protective Services Family Based Safety Services caseworker and human service technician *Child Protective Services Local Permanency Specialist caseworker and human service technician *Adult Protective Services In-Home caseworker	Fiscal Year 2014—15 to Current	DFPS Rider 23
Mentor Stipend	CPS Transformation resulted in a change in caseworker training, as a retention strategy. The shift to a field-based training model required tenured caseworkers to mentor new workers. The mentor stipend provides $300/ month for mentors to incentivize their participation in this program.	Fiscal Year 2016—17 to Current	DFPS Rider 19

Signing Bonuses	$5,000 signing bonuses were used primarily in Region 9 but also in other regions for a limited number of employees (43 total). The initiative was discontinued due to lack of impact on retention.	FY2013—14	
Salary and FTE Increases	$1,000/month salary increase was approved by the Legislature as an emergency provision to address staff turnover. 828.8 new staff positions were also approved to reduce staff caseload.	Fiscal Year 2017 (December 2016)	N/A

Sources: General Appropriations Act, FY2008—09, 2010—11, 2012—13, 2014—15, 2016—17, 2018—19, 2020—21.

Several of these riders provide authority to implement incentives, should funding be available. The measures included in Figure 5 have not been implemented in every fiscal year since their inception due to lack of funding.

However, when funding has been available, these investments have been effective. DFPS has validated the impact of several of these investments. Furthermore, a University of Houston team found in a 2017 study that based on 17 years of data, multiple initiatives had positive impacts on retention including:

a) "Comp-time Taken" will increase longevity and reduce leaving.
b) "Overtime Paid" will increase longevity.
c) "Overtime Taken" will increase longevity and reduce leaving.
d) "Merit Increase" will increase longevity, reduce leaving, and reduce transfer.
e) "One-time Merit pay" will increase longevity and reduce leaving.
f) "CPS Investigator Stipend" will increase longevity and reduce leaving.
g) "Mentoring Stipend" will reduce leaving.

The foster care direct care workforce employed by CPAs and GROs has not received the same level of state fiscal investment as the CPS workforce. This pay differential results in staffing competition between child welfare organizations and CPS.

IMPACT OF UNDERFUNDING ON FOSTER CARE DIRECT CARE WORKFORCE

Although child welfare work is important and highly impactful, building a stable and effective workforce remains difficult for many CPAs and GROs, as they find it a challenge to recruit, hire, train, support, and retain committed, high-performing staff. Due to inadequate state funding, CPAs and GROs are forced to pay their direct care staff low wages. In addition, there are limited opportunities for flex-time and job sharing. As such, CPAs and GROs may not be able to offer competitive salaries and comprehensive benefit packages. As a result, CPAs and GROs struggle to recruit and retain direct care staff, which in turn negatively affect outcomes for children, youth, and families.

Barriers to recruitment and retention also include risk of violence, limited training, insufficient resources, inconsistent supervision, administrative burdens, and limited incentives and opportunities for professional growth. Without employment incentives, professionals are less likely to consider exploring and entering careers in child welfare. Even when they do consider such a career, professionals are less likely to remain employed in child welfare, as the benefits and incentives offered by other sectors are often more attractive. Difficulty with recruitment and retention of direct care staff results in the following negative impacts on children and their families:

- **High Caseloads** – Due to high caseloads, staff have less time to interact with the child, families, and providers, prepare accurate and individualized assessments and case plans, provide services, and engage in meaningful supervision with their supervisors. Lowering caseloads ensures greater contact between children in care and their families, and supports effective service delivery
- **Caseworker Turnover** – Children's multiple placements while in foster care are associated with caseworker turnover. Caseworker turnover results in families' receipt of fewer services and has been found to be a major factor in failed reunification efforts, longer lengths of stay for children in foster care, and lower rates of finding permanent homes for children. Reducing turnover increases the chances of stability for families and permanency for children.
- **Caseworker Burnout** – Caseworker burnout and disillusionment, lack of professional satisfaction, post-traumatic stress, and feelings of being undervalued and isolated negatively impact workers' commitment to the field of child welfare and their ability to provide high quality casework to children and families in need.

Results from a focus group conducted with Texas CPAs and GROs found significant difficulty recruiting and retaining staff due to low wages. Participants reported direct care staff choosing to move to higher paying jobs in the community. They reported specific challenges with staff choosing to accept higher paying jobs at CPS due to increased funding allocated by the state to DFPS for CPS staff. One participant reported having to close a residential facility because they could not retain adequate staffing. Their ability to provide staff recognition is also limited. Participants also reported having to limit capacity for certain programs that result in financial losses, thus diverting their work away from core child welfare services. CPAs and GROs also report forgoing quality investments and innovations due to lack of funding.

Texas CPAs and GROs were surveyed in May and June 2020 to collect information on how current funding levels impact their ability to provide quality care to the children and families they serve. The survey also included a series of questions to assess the impact of the COVID-19 pandemic on the foster care direct care workforce. Survey respondents reported the following impacts to their agency due to lack of funding:

- Both CPAs and GROs identified reduced ability to implement special initiatives that increase quality of care and increased time spent on administrative tasks.
- CPAs identified unique challenges, including growing caseloads and reduced time spent with children and families as well as reduced ability to recruit and retain foster homes and staffing competition with CPS.
- GROs identified the unique challenges of direct care staff recruitment and retention as well as staff training.
- The majority of CPAs and GROs supplement state funding with a variety of other sources, including private donations and grants.

Lack of funding also impacts an agency's ability implement quality investments to improve the foster care direct care workforce. CPA and GRO survey respondents reported that they could implement the following top three quality investments if they were to receive adequate additional funding: 1) additional staff training, 2) improved staff salaries, 3) staff recognition effort.

LACK OF FLEXIBILITY IN ABSORBING ADDITIONAL COSTS

Given the general underfunding of CPA and GRO rates, agencies do not have the flexibility to absorb unanticipated costs. While there have been multiple issues contributing to growing costs, two significant recent factors include the COVID-19 pandemic and the Children's Rights lawsuit.

1) IMPACT OF COVID-19

The Texas Alliance on Child and Family Services has collected data from participating agencies since March 2020 to document the financial impact of COVID-19. As shown in Figure 6, the fiscal average monthly impact per agency has ranged from $16,965 to $45,990. The majority of this expense has been related to workforce issues.

Figure 6: State Fiscal Investments in the Child Protective Services Workforce, Fiscal Years 2008 to 2021

	MAR - 20		APR - 20		MAY - 20		JUN - 20	
	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
WORKFORCE RELATED COSTS	$475,60	54%	$730,732	67%	$593,852	72%	$780,123	%81
CLEANING AND PPE SUPPLIES	$158,102	18%	$129,915	12%	$57,008	7%	$75,887	8%
BASIC NEED ASSISTANCE INCLUDING FOOD	$95,822	11%	$104,801	10%	$55,527	7%	$22,764	2%
EDUCATION SUPPLIES	$63,551	7%	$49,341	5%	$46,877	6%	$11,350	1%
TECHNOLOGY AND CONNECTIVITY EXPENSES	$76,943	9%	$51,248	5%	$8,340	7%	$43,262	4%
OTHER	$12,147	1%	$23,706	2%	$10,836	1%	$32,411	3%
TOTAL	$882,170	100%	$1,089,742	100%	$822,440	100%	$965,798	100%
MONTHLY AVERAGE EXPENDITURE	$16,965		$23,186		$29,373		$45,990	

Source: Texas Alliance of Child and Family Services.

The TACFS provider survey provides further detail on how the COVID-19 pandemic has exacerbated workforce challenges. More than three-quarters of survey respondents reported that COVID-19 has impacted direct care staffing at their agency. The specific impacts on staffing include: **1) greater amount of staffing hours needed; 2) reduced ability to recruit direct care staff; and 3) reduced ability to retain direct care staff.**

Agencies reported implementing the following strategies to ensure adequate direct care staffing during COVID-19:

- Increased hourly wage (temporary)
- Use of overtime
- Other payment mechanisms (i.e., staff bonuses)
- Caseload adjustments
- Other operational adjustments

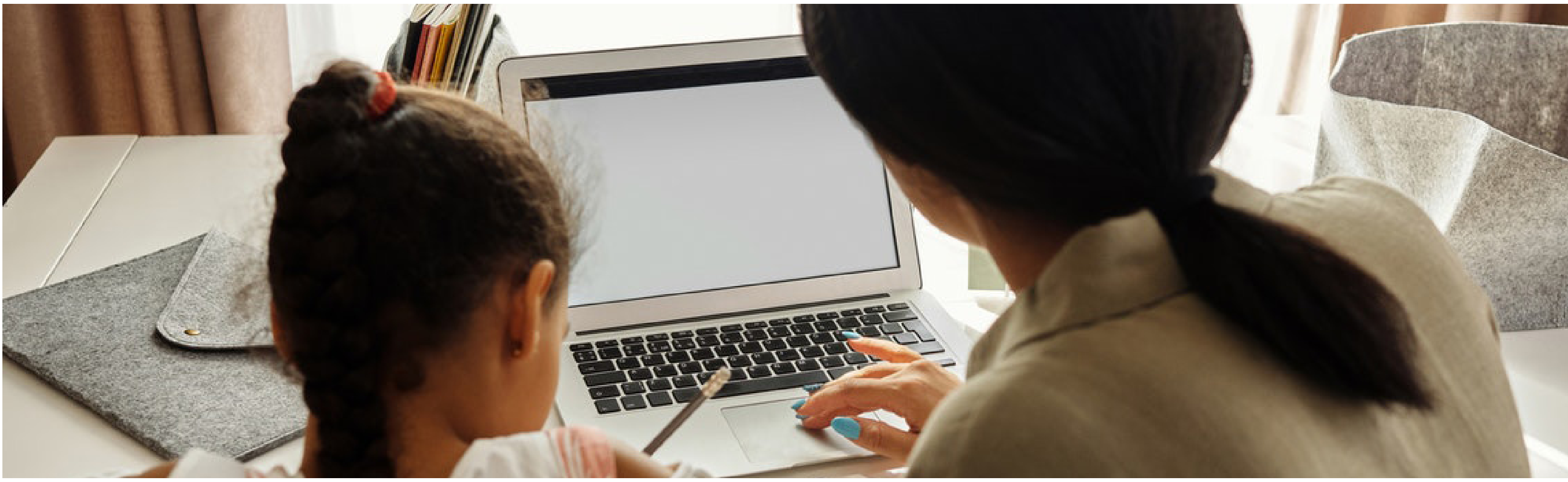
Survey respondents reported numerous additional impacts to their agency due to COVID-19. Nearly all (80%) said it limited their ability to raise external funds.

For CPAs, the major impacts identified included:

- Reduced ability to implement special initiatives that increase quality of care
- Limits on training for foster families
- Increased use of telephonic support instead of in-person visits
- Limits on staff training
- Reduction in the amount of time direct care staff spend with youth and/or families
- Reduced ability to recruit foster homes

For GROs, nearly all selected:

- Increased use of telephonic support instead of in-person visits
- Limits on staff training
- Increased time spent on administrative tasks



2) IMPACT OF LAWSUIT ON CHILD PLACING AGENCIES AND GENERAL RESIDENTIAL OPERATIONS

Another notable issue that has driven significant, ongoing costs above what is provided in the foster care rates is the lawsuit filed by Children's Rights against the state of Texas. Filed in 2011 (M.D. v. Abbott, herein "Children's Rights lawsuit"), the lawsuit has strained both DFPS and child welfare system providers for almost ten years. While the impacts may be small in certain areas, collectively, they have generated considerable costs. In a September 2020 focus group, provider agencies identified the following areas in which they have incurred costs due to the Children's Rights lawsuit.

Compliance with policy changes – DFPS implements policy changes to comply with the lawsuit on an ongoing basis and communicates them to providers, often with the expectation of same-day compliance. Providers incur costs related to monitoring and responding to these changes. Some examples of these compliance costs include:

- *New forms* – DFPS has implemented multiple new forms which result in provider administrative time to complete.

1. Runaway prevention plan – This plan is repetitive to information captured in the Child's Plan of Service.
2. Safety contract – This is a new form.
3. Form 2279 (Child sexual aggression) – 22 page form, 24-hour requirement to upload to One Case. Content repetitive to Common App and Child's Plan of Service.
4. New documentation requirement related to Awake-Night Staff Monitoring.

- *Training* – Staff must be trained on policy changes and implementation of related new processes and forms.

Turnover – The general climate of uncertainty and stress related to the lawsuit has contributed to staff turnover, which also increases training-related costs and overtime costs.

File storage – Since 2011, agencies have been instructed to retain all case files. This has resulted in a significant storage issue for some; others have incurred significant costs digitizing files (one provider noted spending $50,000 for this purpose).

IT costs related to case management system – Some providers required system upgrades to implement the DFPS-mandated Child and Adolescent Needs and Strengths Assessment (CANS).

Increased administrative burden related to appeals – Due to heightened monitoring and fears of going on placement hold, agencies report feeling pressured to appeal every citation received (including minor citations). For each appeal, this includes filing open records requests for documentation and reviewing documentation, preparing for the appeal, and participating in the hearing. Agencies have seen an increase in citations since the lawsuit has been filed and perceive this to be due to the pressure DFPS is under related to the lawsuit

Night Shift Staffing – Agencies have long used night shift staff to supervise and care for children and youth, but the increased number of unannounced night visits from DFPS have made it necessary to have administrative staff available onsite to engage with DFPS staff, which increases staffing costs

Recruitment of foster families – Recruitment of foster families has been impacted by the lawsuit including through the negative press attention and general uncertainty facing the child welfare system.

Difficulty obtaining and purchasing additional liability insurance – Providers are needing to increase their coverage and are experiencing difficulty finding insurers, which may be an impediment to staying in business.

FUND QUALITY INVESTMENTS IN THE FOSTER CARE DIRECT CARE WORKFORCE

The need to strengthen and improve the quality and effectiveness of the foster care direct care workforce is well-recognized. A quality, effective workforce will, in turn, lead to better coordination and integration of services, more efficient use of public funds, and, most importantly, positive outcomes for children, youth, and families.

The Texas Legislature should make investments in the foster care direct care workforce through the following recommendations:

1. Provide $25.0 million in state and federal funds and include a related rider in the DFPS bill pattern to fully fund the staffing component of the rates and increased by $1.5 million to adjust for the cost impact of the COVID-19 pandemic.

1. Include a rider in HHSC's bill pattern to consider a rate methodology for foster care that is inclusive of geographic differences and report to the Legislature on progress made to implement this recommendation.

REFERENCES

[i]Health and Human Services Commission, “Child Care Regulation Data Book Residential Child Care Regulation Statistics - Fiscal Year 2019,” https://hhs.texas.gov/sites/default/files/documents/about-hhs/records-statistics/research-statistics/ccl/ccr-data-book-residential-child-care-2019.pdf.

[ii]Department of Family and Protective Services (DFPS), Interactive Data Book, CPS Placements: Children in Substitute Care on August 31, https://www.dfps.state.tx.us/About_DFPS/Data_Book/Child_Protective_Services/Placements/Substitute_Care_on_Aug_31.asp

[iii]DFPS, Search for Child-Care Operation, http://www.dfps.state.tx.us/Child_Care/Search_Texas_Child_Care/ppFacilitySearchResidential.asp

[iv]DFPS Budget and Finance, FY 2020 Operating Budget https://www.dfps.state.tx.us/About_DFPS/Budget_and_Finance/

[v]Casey Family Programs, “How does turnover affect outcomes and what can be done to address retention?” December 29, 2017,
https://www.casey.org/turnover-costs-and-retention-strategies/.

[vi]Department of Family and Protective Services, “24-Hour Residential Child Care Rates,” https://www.dfps.state.tx.us/Doing_Business/Purchased_Client_Services/Residential_Child_Care_Contracts/Rates/default.asp

[vii]DFPS, “24-Hour Residential Child Care Rates.”

[ix]HHSC, “24 Hour Residential Child Care & Supervised Independent Living Program (24 RCC/SIL),” https://rad.hhs.texas.gov/long-term-services-supports/24-hour-residential-child-care-supervised-independent-living-program-24

[x]DFPS, “Incremental Cost of One-Percent Rate Change Based on the December 2018 Projection,” https://www.dfps.state.tx.us/About_DFPS/Budget_and_Finance/One-Percent_Rate_Change/2019-01-16_Incremental_Cost_of_One-Percent_Rate_Change.pdf.

[xi]DFPS, “Incremental Cost of a One-Percent Rate Change Based on the December 2018 Projection.”

[xii]HHCS,” 24-Hour Residential Child Care Payment Rates Effective September 1, 2019,” https://rad.hhs.texas.gov/sites/rad/files/documents/long-term-svcs/2019/2019-rcc-rates1.pdf

[xiii]HHCS,” 24-Hour Residential Child Care Payment Rates Effective September 1, 2019.”

[xiv]DFPS, “Incremental Cost of a One-Percent Rate Change Based on the December 2018 Projection.”

[xv]Patel, D., McClure, M., Phillips, S., & Booker, D. (2017), “Child protective services workforce analysis and recommendations,” http://ncwwi.org/files/Retention/Child_Protective_Services_Workforce_Analysis_and_Recommendations.pdf.

[xvi]Dr. Patrick Leung, et al, Professor Graduate College of Social Work University of Houston, “DFPS Compensation Assessment and Employee Incentive Review FINAL REPORT, Texas Department of Family and Protective Services, February 20, 2017, p. 4., http://www.dfps.state.tx.us/About_DFPS/Reports_and_Presentations/Agencywide/documents/2017/2017-02-20_DFPS_Compensation_Assessment_Employee_Incentives_Review-Formal.pdf.