

# **The Child Welfare System in Indiana**



Fiscal Policy Report No. 13

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The Indiana Fiscal Policy Institute (IFPI), formed in 1987, is a private non-profit governmental research organization. It is the only independent statewide source of continuing research into the impact of state taxing and spending policies in Indiana. The IFPI is privately supported by a variety of organizations, corporations, associations, and individuals in Indiana and surrounding states. Contributions to the IFPI are fully deductible under section 501 (c)(3) of the Internal Revenue Code.

## **Foreword**

Counties and property taxpayers recognize that county property tax levies for welfare services have increased at rates that far exceeded inflation over the past decade. In 1993, Governor Bayh established a committee to assess why county welfare property levies experienced such high rates of growth. The Committee proposed numerous recommendations, many of which were adopted into law (P.L. 36-1994). Many of these reforms and other initiatives undertaken by the Family and Social Services Administration were generally not implemented until the 1995 county fiscal year. Thus, it is difficult to assess the true impact of the 1994 reforms.

Nonetheless, demand for more reforms still exists. The most frequently heard call is for changing the way in which county welfare services are financed. In 1995, county property taxes contributed approximately \$288 million for county welfare funds, up from \$69 million in 1982. The majority of these funds pay for services for children removed from their homes due to abuse, neglect, or delinquency.

Many property taxpayers and counties would like to see the financing of these services shifted from the property tax to a state-based tax. In light of this proposal, this report looks at the welfare system here in Indiana, considers some of the institutional and fiscal dynamics of the child welfare system, assesses the property tax revenue trends for child welfare services from 1982 through 1995, and discusses the increased expenditures for child welfare services in light of the programmatic and administrative changes. While not proposing or endorsing any potential legislative changes, this report suggests that any financial changes should be considered in context with programmatic and administrative changes that also consider intergovernmental relationships.

The Institute is grateful for the assistance provided by the Board of Tax Commissioners, the Budget Agency, the Family and Social Services Administration, State and County Division of Families and Children Offices, the Indiana Judicial Center, the Legislative Services Agency, and the county elected officials who all provided invaluable assistance.





## The Child Welfare System in Indiana

### I. Introduction

The property taxes levied<sup>1</sup> on behalf of cities, counties, townships, schools, libraries, and special districts are growing as rapidly as they did in the late 1960s; increases that prompted the 1973 tax relief program. From the 1960s through the enactment of the 1973 tax relief program, property tax levies grew annually at approximately 5 percent. From 1982 through 1995, Table I shows the annual average growth of civil levies,<sup>2</sup> school levies, and county welfare levies.<sup>3</sup> (Total levies equal the sum of civil levies and school levies. County welfare levies are a component of civil levies.)

Year	Civil Levies	School Levies	County Welfare Levies
1982-83	6.0%	2.9%	1.5%
1983-84	10.1%	7.6%	4.6%
1984-85	8.3%	6.1%	44.2%
1985-86	4.0%	7.9%	-7.3%
1986-87	6.7%	6.6%	22.1%
1987-88	5.5%	4.5%	2.4%
1988-89	5.3%	4.9%	11.9%
1989-90	8.7%	10.7%	3.3%
1990-91	7.7%	12.1%	20.1%
1991-92	7.2%	7.9%	13.2%
1992-93	6.2%	5.4%	9.1%
1993-94	9.5%	5.9%	33.6%
1994-95	3.7%	6.0%	2.5%
<b>Avg. Annual Change</b>	<b>6.8%</b>	<b>6.8%</b>	<b>11.6%</b>

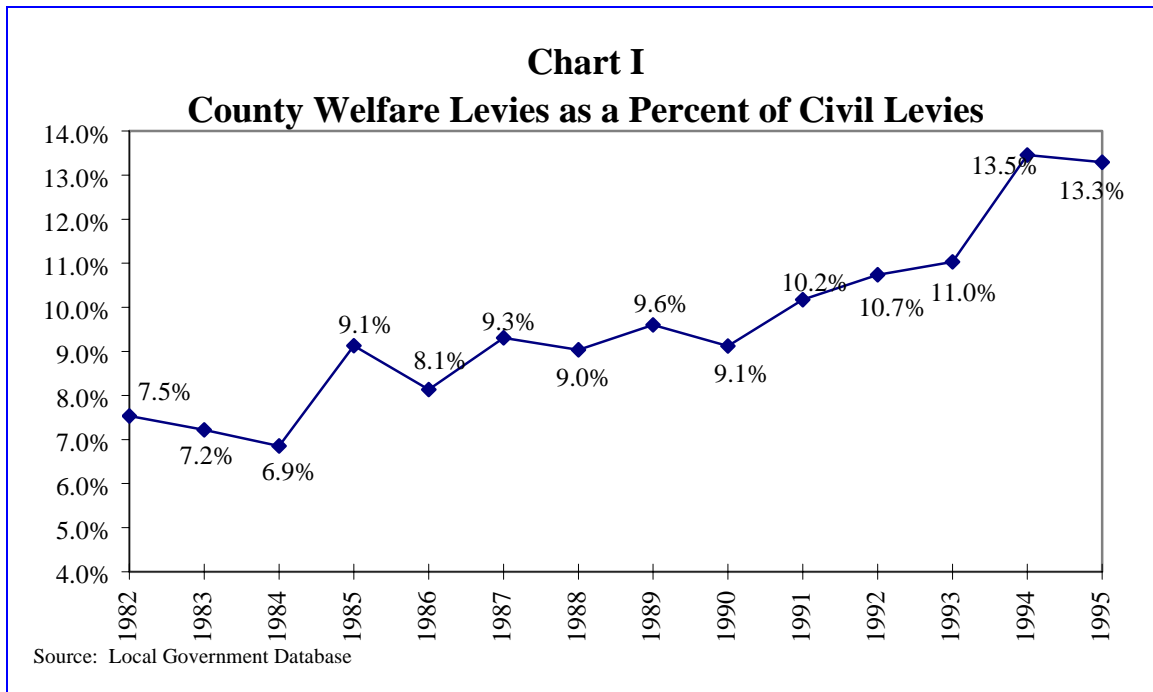
Source: Local Government Database

<sup>1</sup> All of the property tax information in this report relies on gross abstract levies.

<sup>2</sup> Civil levies are raised for county, city, township, library, and special district funds.

<sup>3</sup> Appendix 1 shows all 92 counties' average annual growth from 1982 to 1995 and 1990 to 1995.

The average growth in county welfare levies was more than double the 1960s average growth in civil levies. County welfare levies represent an increased percentage of civil levies as demonstrated in Chart I. In 1995, total county welfare levies represented approximately 6.4 percent of total levies. Table I and Chart I both show a decline in welfare levy growth from 1994 to 1995. However, not all counties experienced this trend.



The growth in county welfare levies is directly attributable to increased expenditures for child welfare services. These expenditures are primarily for out-of-home placement costs and social services for children who are removed from their home due to abuse, neglect, or delinquency.

## **II. Indiana's Welfare System**

### **A. County Finance Mechanism**

The child welfare system is part of a larger welfare system that is paid for partially with county property tax revenues. Counties levy property taxes for as many as eight welfare funds. Six of these funds are levied annually. The other two are debt service funds utilized on a county basis only as needed. By statute, levies for three of the funds are transferred to the State to be administered on a statewide basis for specific welfare programs. Counties also transfer funds to the State for payment of administrative expenses. Table II briefly describes all eight funds.

**Table II**

**County Welfare Funds  
Collected Via the Property Tax**

The **Medical Assistance to Wards Fund** (I.C. 12-13-8-1) finances medical services for wards and associated administrative costs. Property tax revenues are transferred to the State administered MAW Fund.

The **Hospital Care for the Indigent Fund** (I.C. 12-16-14-1) finances eligible medical services for Indiana residents who meet the income and resource guidelines. Property tax revenues are transferred to the State administered HCI Fund.

The **County Welfare Fund** (I.C. 12-19-3-1) represents the county's contribution for welfare services, namely Aid to Families and Dependent Children services.

The **Welfare Administration Fund** (I.C. 12-19-4-1) finances county administration costs, facilities, supplies, equipment, and lease or rental obligations. Revenues from this fund are transferred to the State. The State pays administrative expenses from federal, State, and county revenues.

The **Family and Children Fund** (I.C. 12-19-7-1) finances child welfare services for children who are: 1) adjudicated to be Children in Need of Services (CHINS) or Delinquents; or 2) recipients of or are eligible for: A) informal adjustments; B) service referral agreements; and C) adoption assistance.

The **Children with Special Health Care Needs Fund** (I.C. 16-35-3-1) finances medical services for financially and medically eligible children with special health care needs. Property tax revenues are transferred to the State administered CSHN Fund.

The **County Welfare Bond and Loan Funds** (IC 12-19-3-13 and 12-19-7-16) are levies utilized only when a county must repay borrowed funds. Counties may borrow funds to cover the costs of services provided by the Family and Children Fund when the current year levies are insufficient to cover projected costs.

Until 1987, welfare employees were county employees, and county governments had a greater administrative role in the welfare system. Reforms implemented in 1987 shifted the administrative responsibilities entirely to the State. As a result, county welfare employees became State employees and the State's financial responsibility for administrative costs increased. County governments maintained some responsibility for paying administrative costs via the Welfare Administration Fund. Previously administrative costs were paid from the County Welfare Fund.

Before the reforms in 1987, only the County Welfare, Welfare Bond, and Welfare Loan Funds existed. Since 1987, five new funds have been created, including the Welfare Administration Fund. The advent of these five funds and the growth in the county welfare levies is illustrated in Table III.

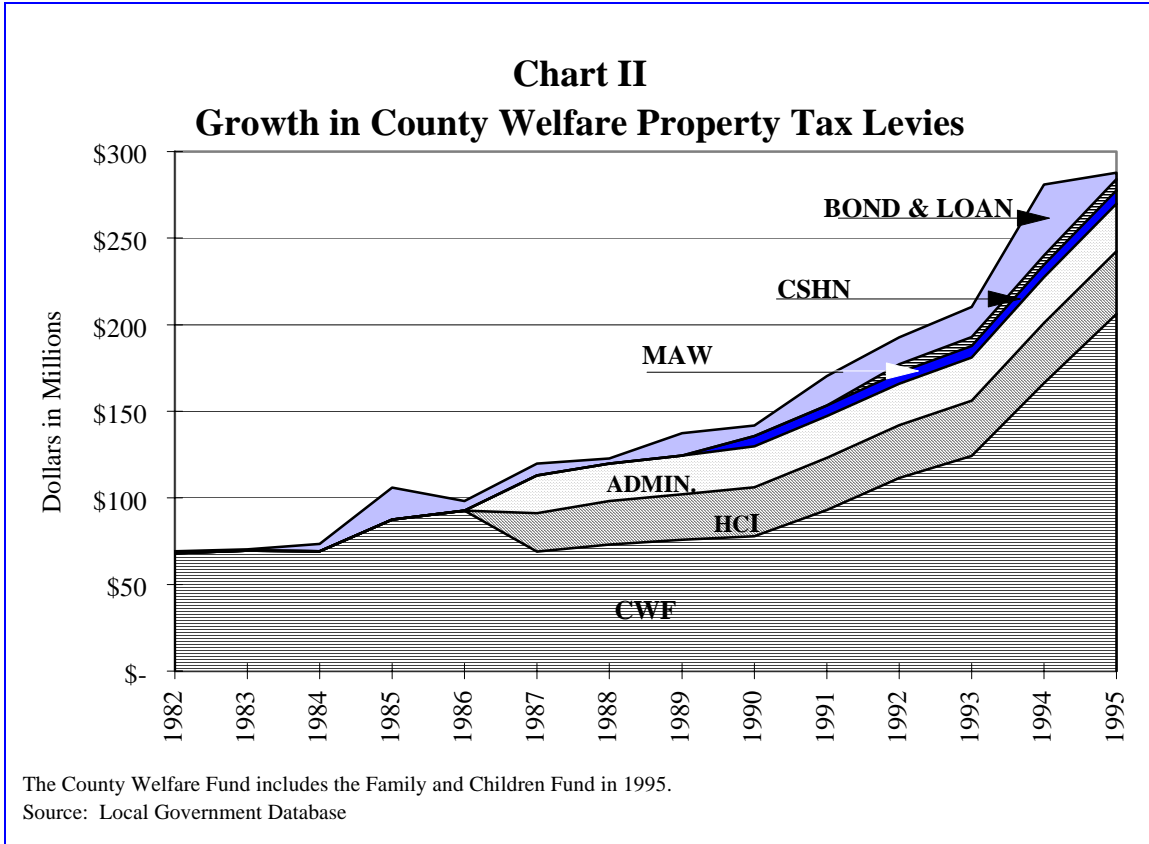
**Table III**  
**Annual Property Tax Levies for the County Welfare Funds**  
**(Dollars in Millions)**

YEAR	CWF	FCF	HCI	ADMIN	MAW	CSHN	BOND & LOAN	TOTAL WELFARE
1982	\$ 68.0	-	-	-	-	-	\$ 1.2	\$ 69.2
% of total	98.3%						1.7%	
1983	\$ 69.5	-	-	-	-	-	\$ 0.7	\$ 70.3
% of total	99.0%						1.0%	
1984	\$ 69.1	-	-	-	-	-	\$ 4.4	\$ 73.5
% of total	94.1%						5.9%	
1985	\$ 87.5	-	-	-	-	-	\$ 18.4	\$ 106.0
% of total	82.6%						17.4%	
1986	\$ 92.7	-	-	-	-	-	\$ 5.5	\$ 98.2
% of total	94.4%						5.6%	
1987	\$ 69.0	-	\$ 22.2	\$ 21.7	-	-	\$ 6.9	\$ 119.8
% of total	57.6%		18.5%	18.1%			5.8%	
1988	\$ 73.1	-	\$ 25.2	\$ 21.7	-	-	\$ 2.8	\$ 122.7
% of total	59.6%		20.5%	17.7%			2.3%	
1989	\$ 75.8	-	\$ 26.3	\$ 22.5	-	-	\$ 12.8	\$ 137.3
% of total	55.2%		19.1%	16.4%			9.3%	
1990	\$ 77.9	-	\$ 28.2	\$ 23.6	\$ 6.0		\$ 6.0	\$ 141.8
% of total	55.0%		19.9%	16.7%	4.2%		4.3%	
1991	\$ 93.1	-	\$ 30.0	\$ 24.1	\$ 6.2		\$ 16.9	\$ 170.3
% of total	54.7%		17.6%	14.1%	3.7%		9.9%	
1992	\$ 111.5	-	\$ 30.5	\$ 23.9	\$ 6.4	\$ 4.9	\$ 15.5	\$ 192.8
% of total	57.8%		15.8%	12.4%	3.3%	2.6%	8.0%	
1993	\$ 124.3	-	\$ 31.8	\$ 24.9	\$ 6.7	\$ 5.1	\$ 17.4	\$ 210.3
% of total	59.1%		15.1%	11.8%	3.2%	2.4%	8.3%	
1994	\$ 166.3	-	\$ 34.7	\$ 26.5	\$ 7.3	\$ 5.3	\$ 40.9	\$ 280.9
% of total	59.2%		12.3%	9.4%	2.6%	1.9%	14.5%	
1995	\$ 32.9	\$ 173.2	\$ 36.2	\$ 27.4	\$ 7.9	\$ 6.5	\$ 3.7	\$ 287.8
% of total	11.4%	60.2%	12.6%	9.5%	2.7%	2.3%	1.3%	

CWF = County Welfare Fund  
 HCI = Hospital Care for the Indigent Fund  
 MAW = Medical Assistance to Wards Fund  
 Bond & Loan = County Welfare Bond & Loan Funds  
 FCF = Family and Children Fund  
 ADMIN = Welfare Administration Fund  
 CSHN = Children with Special Health Care Needs Fund

Source: Local Government Database

Chart II demonstrates that a majority of the welfare levy growth occurred in the County Welfare Fund, which includes the Family and Children Fund in 1995. In 1995, the Family and Children Fund was implemented to levy revenues for child welfare services. Prior to 1995, the County Welfare Fund levied revenues for both public assistance and child welfare services.



There is a common misperception that the county welfare system is primarily a public assistance program. In reality, the majority of these revenues are used for child welfare expenditures. In 1995, approximately 16 percent of the revenues levied from the combined County Welfare Fund and Family and Children Fund were used for public assistance. This percentage has declined over the 14 year period while revenues to fund child welfare services have increased to 84 percent.

**B. Overview of County Division of Family and Children Office**

Upon formation of the Family and Social Services Administration (FSSA) in 1992, various human services agencies were consolidated into a single organization. Today, there are three divisions within FSSA, based on target populations. These divisions, (the Division of Mental Health, the Division of Disability, Aging and Rehabilitative Services, and the Division of Family and Children (DFC)), as well as the Office of Medicaid Policy and Planning (OMPP), administer the State’s human services programs. This report focuses on the State and 92 county DFC offices as the primary administrators, supervisors, and providers of public welfare services.

To access most State administered welfare services provided through the 92 county DFC offices, which are sometimes still referred to as “the county welfare office,” an individual must visit a county DFC office. Once there, an individual is referred to either a public assistance case manager or IMPACT case manager based on the individual’s expressed need.<sup>4</sup> Case managers will assess the individual’s eligibility for a variety of services, as briefly outlined below.

#### *County DFC Public Assistance Services*

Public assistance services are predominantly funded with federal funds and administered by the State via the county DFC offices. If an individual is in need of public assistance, a case manager will assess an individual’s eligibility for an assortment of services including:

- **Aid to Families with Dependent Children (AFDC)** -- provides cash assistance for eligible children and their families.
- **Child Care** -- for low income families who need assistance paying for child care in order to prepare for, seek, accept, or maintain employment.
- **Food Stamps** -- are coupons for low income households to purchase food.
- **Medicaid** -- provides health care services for low income families and individuals.
- **Miscellaneous Services** -- provides informational, educational, and supportive services.

#### **Welfare Reform**

In 1994, Governor Bayh requested waivers from federal welfare rules. The federal government approved a majority of the waivers in December 1994 and implementation of the Governor’s reforms were completed by June 1995. Also in 1995, the General Assembly enacted legislation (P.L 46-1995) that statutorily incorporated many of the Governor’s reforms and expanded on them. In August 1996, the federal government approved these waivers, and Congress enacted its own welfare reform legislation, which created block grants such as the Temporary Assistance for Needy Families (TANF) to replace AFDC.

Neither the State or federal reforms made statutory changes to child welfare services. However, implementation of the reforms may have indirect effects on the child welfare system. Among other things, the State reforms (1) limit cash assistance to two years, (2) place a cap on benefits so that a woman receiving welfare will not receive additional assistance if she gives birth to another child while on welfare, and (3) severely sanction recipients for failing to establish paternity or search for a job. The indirect effect to the child welfare system is that these policies may result in parents being financially unable to care for their children who may, therefore, end up in the child welfare system. The potential for indirect effects on the child welfare system should be considered as the State fully develops its plan for enacting all the State and federal reform measures.

#### *County DFC Indiana Manpower Placement and Comprehensive Training Services*

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<sup>4</sup> There are two other types of case managers, Child Protection and Child Welfare, but they typically visit the family rather than see families at the DFC office.

An adult receiving AFDC or Food Stamps may be referred to an IMPACT case manager, based on several criteria. The case manager will coordinate an array of services to assist the individual in obtaining employment. The services offered and provided may differ depending on whether the individual is considered a Food Stamps or AFDC participant.

- The spectrum of services include:**
- |                                      |                                 |
|--------------------------------------|---------------------------------|
| ✓ Job-Seeking Skills Training        | ✓ Job Readiness and Preparation |
| ✓ Vocational and Technical Education | ✓ Basic and General Education   |
| ✓ Community Work Experience          | ✓ On-the-Job Training           |
| ✓ Post-Secondary Education           | ✓ Job Placement Services        |

These services as well as support services, such as uniforms, equipment and tools, child care, and transportation may also be provided.

*County DFC Child Protection Services and Child Welfare Services*

Child Protection Services (CPS) case managers attempt to prevent, remedy, or assist in solving problems that may result in abuse, neglect, exploitation, or delinquency of any child regardless of family wealth. CPS staff must be able to receive and initiate investigation reports on a 24-hour basis. These case managers recommend services based on the severity of the abuse or neglect, an assessment of the child and family’s needs, and the likelihood of further risk to the child in the home.

In those instances when a case manager recommends a child’s removal from his/her home, county juvenile judges consider the recommendations of CPS case managers and others and may order out-of-home care for a child and social services for the child and family. Based on the judge’s order, a child welfare case manager develops and oversees a case plan for that child.

In smaller counties, case management responsibilities may be shared. Therefore, child protection and child welfare case managers are titled family case managers. There are approximately 710 family case managers throughout the 92 counties.

This report focuses only on those cases where abuse or neglect was substantiated and a petition is filed with the county juvenile court to consider whether the child should be a ward of the court. The majority of abuse and neglect reports are either not substantiated or some other action is taken short of declaring the child a ward. Wards who are removed from their home represent a small sub-set of the total population served by family case managers. However, this group receives the most extensive and expensive services since they are typically placed in out-of-home care, with an average out-of-home placement of approximately 2.5 years.

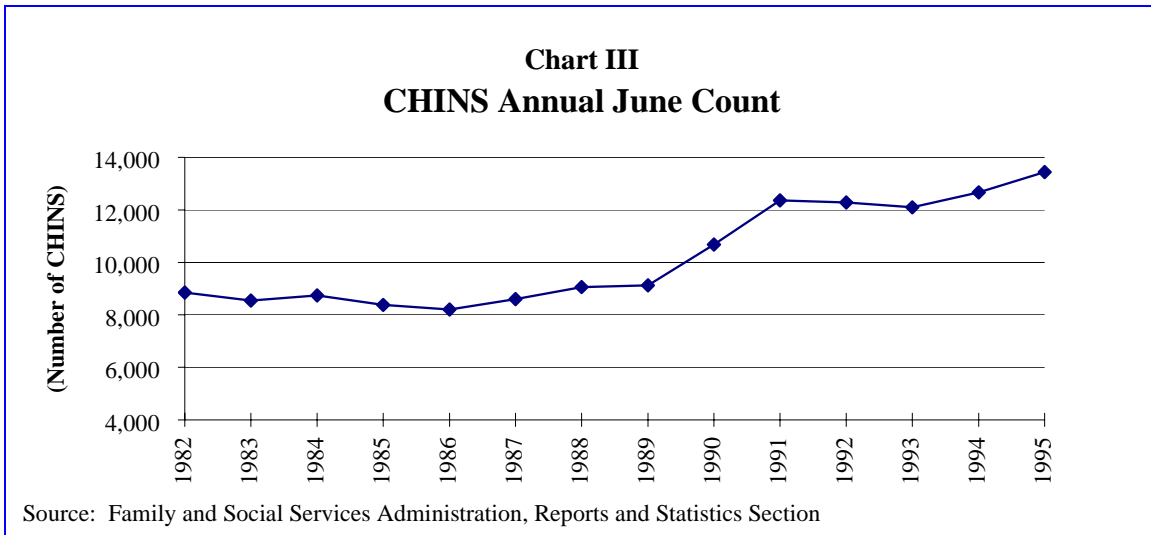
### III. Population Served by Child Welfare System

This report focuses on two categories of children who a county juvenile judge will consider removing from their home. These are children who are either a Child in Need of Services (CHINS) or a Delinquent. The distinction between the two categories is often blurred. For example, a child may be arrested for shoplifting food. During an investigation of the incident, the Probation Officer discovers that the child's actions were the result of a parent's failure to provide food to the child and his/her sibling. If the child was properly cared for, the child in all likelihood would not have committed the juvenile act. Thus, is the child a CHINS or a Delinquent?

#### A. Child in Need of Services

The CHINS population consists of children who have been abused or neglected. When abuse or neglect is substantiated, these children may be removed from their home until it is safe for that child to return home. Family reunification is the primary goal. However, if reunification is not possible, parental rights may be terminated, and the child is placed for adoption or prepared to live independently. Chart III shows the number of CHINS in out-of-home care on June 30 from 1982 through 1995. The largest growth occurred from 1989 to 1991 when the number increased by over 3,200 children. Two possible causes for this growth were:

- 1) there was a substantial increase in the number of CHINS who were sexually abused, and
- 2) the recession led to an increased number of children who were neglected.



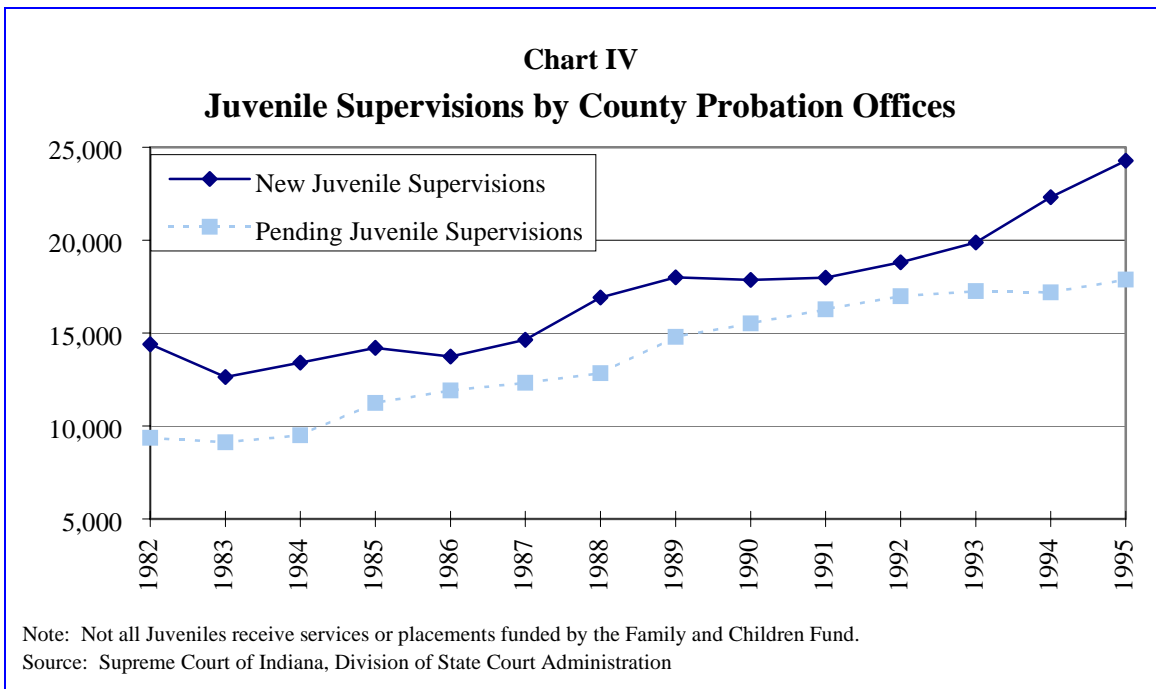
#### B. Delinquent

A Delinquent is a child who experiences a run-in with the law. The child welfare system may provide services to Delinquents who commit either a status offense or are guilty of a criminal offense and do not require placement in a secured correctional facility. A criminal offense is a crime whether it is committed by a child or an adult. A status offense would not be a crime if committed by an adult. Some examples of status offenses include:

- 1) School Truancy,

- 2) Alcohol Consumption,
- 3) Run-Away,
- 4) Curfew Violation, and
- 5) Incurrigibility.

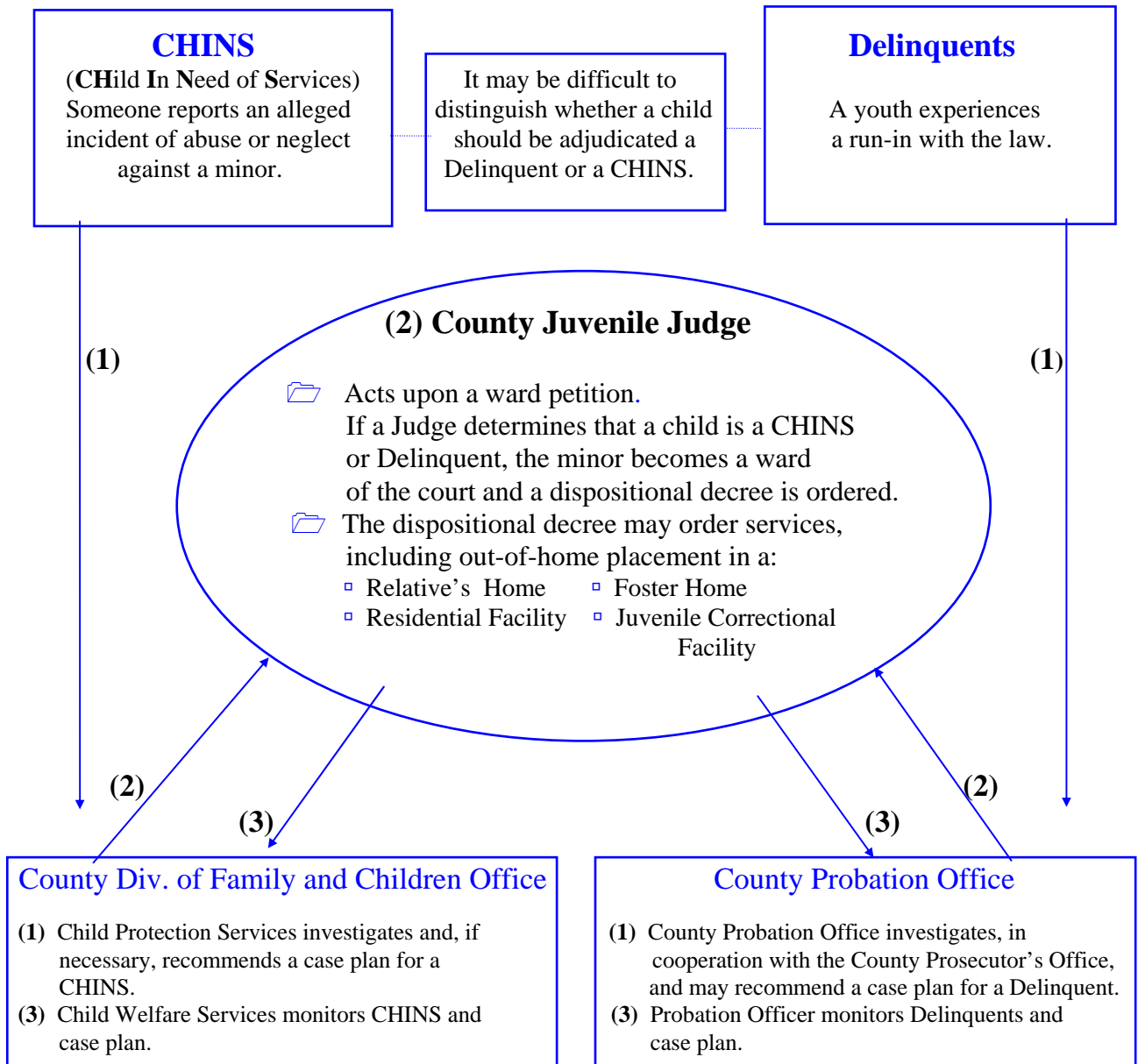
Chart IV illustrates both the number of new juvenile supervisions each year and the number of pending cases at the end of the year. Currently, the State cannot determine what percent of those Delinquents are ordered into out-of-home placements paid for by the Family and Children Fund. Prior to 1995, counties differed as to which county fund paid for Delinquent costs. Some counties had a specific Court Fund that funded these services. Many counties relied on their County General Fund to cover the costs. Some judges took the step of adjudicating a Delinquent a CHINS so that the child’s services would be paid for by the County Welfare Fund. Legislation implemented in 1995 sought to consolidate out-of-home placement costs into one county fund, the Family and Children Fund, to better understand these costs. Despite the legislation, some counties may still pay placement costs from other county funds.



While the distinction between a CHINS and a Delinquent may often be unclear, neither population is identified until a judicial intervention is necessary. Once an offense is committed by or to a child, either a State or local governmental agency responds depending on who committed the offense. Figure 1 illustrates how a Delinquent or CHINS enters the child welfare system and what government agency is involved in investigating the offense.

**Figure 1**

## Entering the Welfare System



#### **IV. The Role of County Juvenile Judges and the Costs of Out-of-Home Placements**

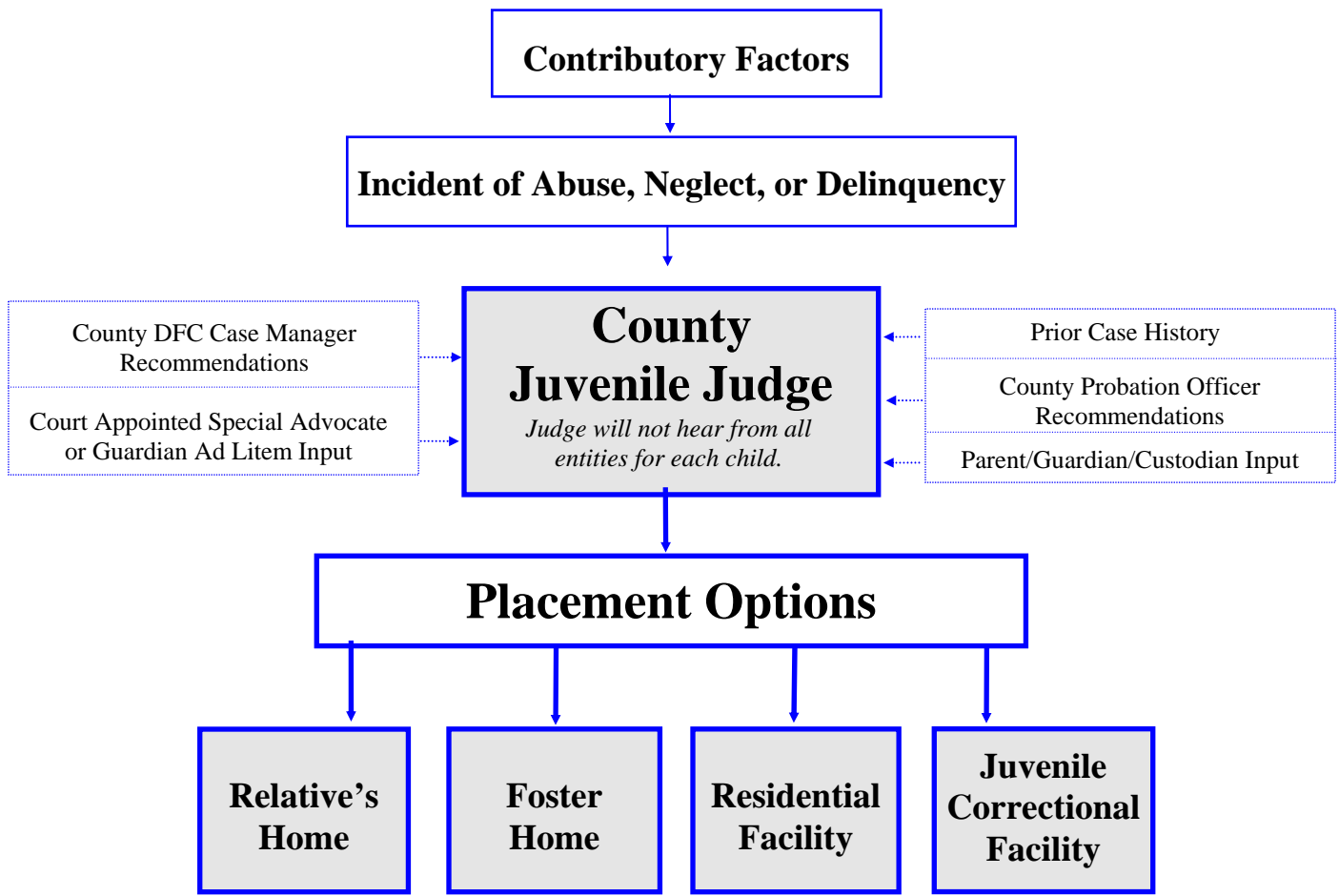
At the center of the system are locally elected county juvenile judges who have the ultimate responsibility to decide the appropriate care for a CHINS or Delinquent. This decision is based on the offense, who it was committed by, what contributory factors there might be, whether the situation can be rectified, and how. The information is generally presented to a judge by a probation officer or family case manager.

<b><i>Contributory Factors</i></b>
<b>Parent</b> Financial Difficulties Absence/Death Substance Dependency Behavioral Problems Emotional Problems Sexual Offender Termination of Parental Rights Disability
<b>Family</b> Dysfunctional Family Conflict Sexual Offender
<b>Child</b> Disability Emotional Problems Behavioral Problems

Judges accept family case manager and probation officer recommendations in a majority of placement decisions, recognizing that caseworkers are more familiar with the child and family. (This is not universally true as there are judges who reject caseworker recommendations in favor of their own decisions.) Caseworker recommendations focus on whether or not a child should be removed from his or her home and if the child and family should be ordered to receive/participate in additional social services. (A judge can identify a child as a CHINS or Delinquent and not remove the child from his/her home.) The four broad categories of out-of-home placements are 1) Relative's Home, 2) Foster Home, 3) Residential Facility, or 4) Juvenile Correctional Facility. (Only the first three categories are paid from the Family and Children Fund.) The various out-of-home placements that judges can order vary dramatically in cost. Figure 2 demonstrates how the judge's decision affects the costs of the child welfare system.

**Figure 2**

**Cost Implications of Out-of-Home Placements**  
(Based on 30 Days of Care)



Relative's Home	Foster Home	Residential Facility	Juvenile Correctional Facility
<b>Foster Care*</b> $\$19.25 \times 30 = \$578$ (Range: \$13.50-\$25.00) <b>or AFDC</b> <b>\$139.50</b>	<b>Foster Care*</b> $\$19.25 \times 30 = \$578$ (Range: \$13.50-\$25.00) <b>Therapeutic*</b> $\$61.50 \times 30 = \$1,845$ (Range: \$25.00-\$215.00)	<b>Residential*</b> $\$105.00^* \times 30 = \$3,150$ (Range: \$26.50-\$449.00)	<b>County Detention Center**</b> $\$95.00 \times 30 = \$2,850$ <b>State Department of Correction***</b> $\$109.66 \times 30 = \$3,290$ (Range: \$71.50-\$143.58)

Note: A description of these placement options is provided in Appendix 2.

\* The median per diems are based on facilities with DFC approved rates. If a child is eligible for Foster Care Assistance, the federal government will pay for approximately 60% of the cost.

\*\* Based on Hamilton County's Out-of-County rate. Rates may vary between in-county and out-of-county juveniles. Counties are 100% responsible for the cost. These facilities hold juveniles until a sentence is determined or juveniles with short sentences.

\*\*\* The State and county each pay 50% of the cost. The Indiana Boys School is an example of a State Department of Correction facility.

The Family and Children Fund has three accounts that pay for out-of-home placement costs. They are the Foster Care Assistance Account, Care of Wards in Foster Homes Account, and Care of Wards in the Institutions Account.<sup>5</sup> The Institutions Account pays for all residential placements, which includes emergency shelters, group homes, and any institutional placement.

**Increasing Federal Reimbursements:  
Foster Care Assistance and Emergency Assistance**

Foster Care Assistance is a federal entitlement program. For any child who meets the eligibility standards and is ordered into out-of-home care, the State (on behalf of the counties) can seek partial federal reimbursement for the cost of out-of-home care. The reimbursement rate varies by state and year. Historically, Indiana has been reimbursed approximately 63 cents for each dollar spent caring for a child removed from his/her home and in a Foster Care Assistance eligible home or facility.

Foster Care Assistance was not widely utilized across the State until recently. This may be due to two factors.

1. Indiana preferred to forego federal dollars because of the accompanying federal requirements.
2. The State did not have the financial incentive to seek reimbursements because counties have paid the entire cost of out-of-home care since July 1991.

Today, county DFC offices proactively assess a CHINS' eligibility for Foster Care Assistance and seek retroactive reimbursements for past expenditures. (County probation offices should also assess Foster Care eligibility for Delinquents, and some currently do.)

Besides Foster Care Assistance, the State sought to increase federal reimbursements for counties through participation in the Emergency Assistance program. For eligible children, the federal government reimburses counties 50 percent of the costs for medical care, clothing, counseling, and substitute care.. Implementation of this program provided counties with another source of revenues besides property taxes. The Emergency Assistance program, however, was one of the programs block granted by the federal welfare reform legislation. The State must determine if it wants to continue the Emergency Assistance program.

Through increased identification of eligible children and reimbursement of past expenses for both Foster Care Assistance and Emergency Assistance, counties have received significant federal contributions for child welfare services. As counties fully implement procedures to assess eligibility for children entering the child welfare system, retroactive reimbursements diminish. From 1991 through June 30, 1996, the State had received over \$40 million in retroactive reimbursements from the federal government. In 1990, Indiana expended \$2.1 million for Foster Care Assistance, and \$1.3 million was reimbursed by the federal government. The State contributed \$0.5 million, and counties contributed \$0.3 million. In 1995, Indiana expended \$37.6 million for Foster Care Assistance, and \$23.7 million was reimbursed by the federal government. County expenditures totaled \$13.9 million.

Chart V illustrates historical expenditures from the three out-of-home placement accounts and other Family and Children Fund accounts, which are grouped into three categories. The chart illustrates that placing children in residential facilities paid for from the Institutions Account has had a costly impact on property taxpayers and is the major reason why child welfare expenditures and welfare levies have experienced dramatic growth. In 1995, expenditures from

<sup>5</sup> All of the Family and Children Fund Accounts are described in Appendix 3.

the Institutions Account represented approximately 64 percent of all expenditures from the Family and Children Fund. Table IV shows the net county child welfare expenditures and the average annual percent change.

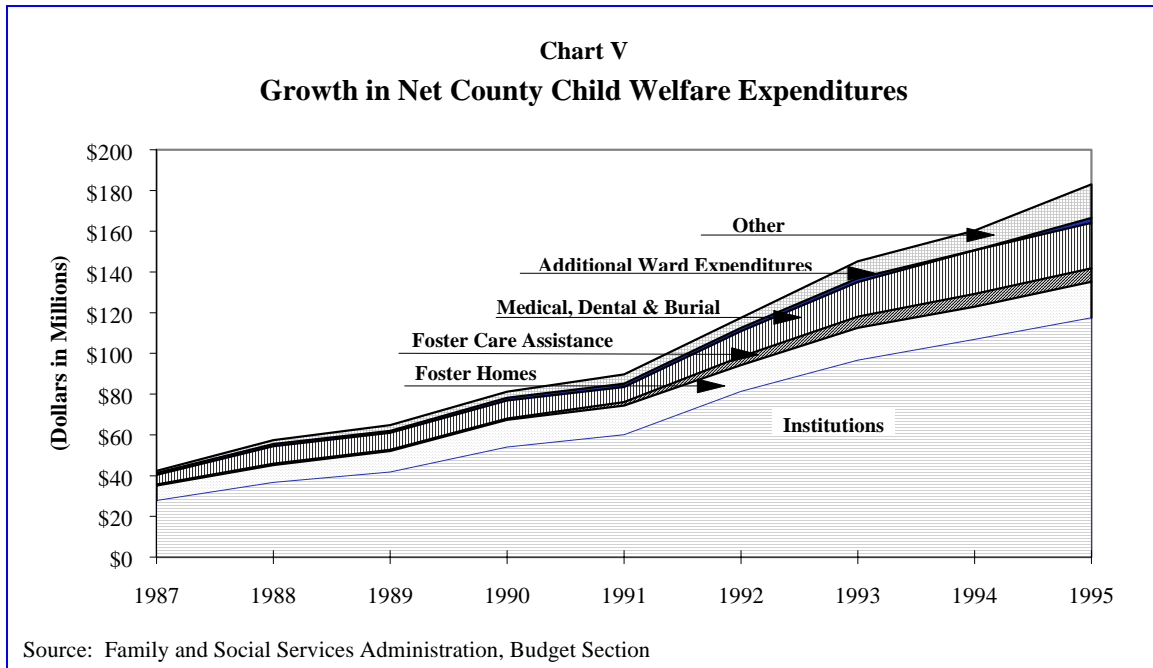


Table IV  
Net County Child Welfare Expenditures  
(Dollars in Millions)

Spending Categories	1987	1988	1989	1990	1991	1992	1993	1994	1995	Avg. Annual % Change
Foster Care Assistance Account	\$ 0.58	\$ 0.65	\$ 0.68	\$ 0.63	\$ 1.81	\$ 4.10	\$ 5.46	\$ 6.31	\$ 6.68	35.80%
Foster Homes Account	\$ 7.20	\$ 8.55	\$ 10.25	\$ 13.35	\$ 14.20	\$ 12.92	\$ 15.89	\$ 15.95	\$ 17.61	11.80%
Institutions Account	\$ 27.89	\$ 36.67	\$ 41.82	\$ 54.08	\$ 60.16	\$ 81.43	\$ 96.75	\$ 106.96	\$ 117.50	19.70%
Medical, Dental, & Burial Account	\$ 4.73	\$ 8.65	\$ 8.28	\$ 8.92	\$ 7.36	\$ 12.45	\$ 16.87	\$ 21.41	\$ 22.35	21.40%
Additional Ward Expenditures*	\$ 0.95	\$ 1.01	\$ 1.01	\$ 1.32	\$ 1.57	\$ 1.70	\$ 1.89	\$ 1.37	\$ 2.39	12.20%
Other Child Welfare Expenditures**	\$ 1.05	\$ 1.86	\$ 2.79	\$ 2.98	\$ 4.55	\$ 5.00	\$ 8.45	\$ 9.65	\$ 16.59	41.20%
<b>Total</b>	<b>\$ 42.40</b>	<b>\$ 57.38</b>	<b>\$ 64.83</b>	<b>\$ 81.27</b>	<b>\$ 89.66</b>	<b>\$ 117.60</b>	<b>\$ 145.32</b>	<b>\$ 161.64</b>	<b>\$ 183.12</b>	<b>20.10%</b>

\* Additional Ward Expenditures include accounts that pay for services specifically for Wards. These accounts are Emergency Assistance for Wards, Clothing & Other, Independent Living, and Medicaid Rehabilitation for Wards.

\*\* Other Child Welfare Expenditures include accounts that pay for services that may not be specifically for Wards. These accounts are Emergency Assistance for Families, Adoption Assistance, Foster Parent Insurance, Adoption Aid for Hard to Place Children, Family Services, Medicaid Rehabilitation for Families, CASA & Guardian Ad Litem, and Interest on Temporary Loans.

Source: Family and Social Services Administration, Budget Section

The Institutions Account individually and all of the Family and Children Fund accounts in sum have grown at an annual average rate of 20 percent from 1987 to 1995. The Foster Care Assistance Account has grown even more rapidly than the Institutions Account. This reflects the county and State efforts to increase federal reimbursements. The long term implication is that the decline in expenditures from the Institutions Account should be partially offset by increased expenditures from the Foster Care Assistance Account. However, if the Foster Care Assistance program is block granted by the federal government, as proposed in 1995 by Congress, growth in this source of funds may either be frozen or increase at a slower rate than Indiana's current growth.

Many county fiscal bodies are familiar with the growth in the Institutions Account and have been the impetus for some county DFC offices to control these costs. In addition, to trying to find alternative sources of revenue, county DFC offices are also:

- 1) identifying alternatives to residential facilities that are less restrictive and less costly, and
- 2) reducing the amount of time a child spends in a residential facility.

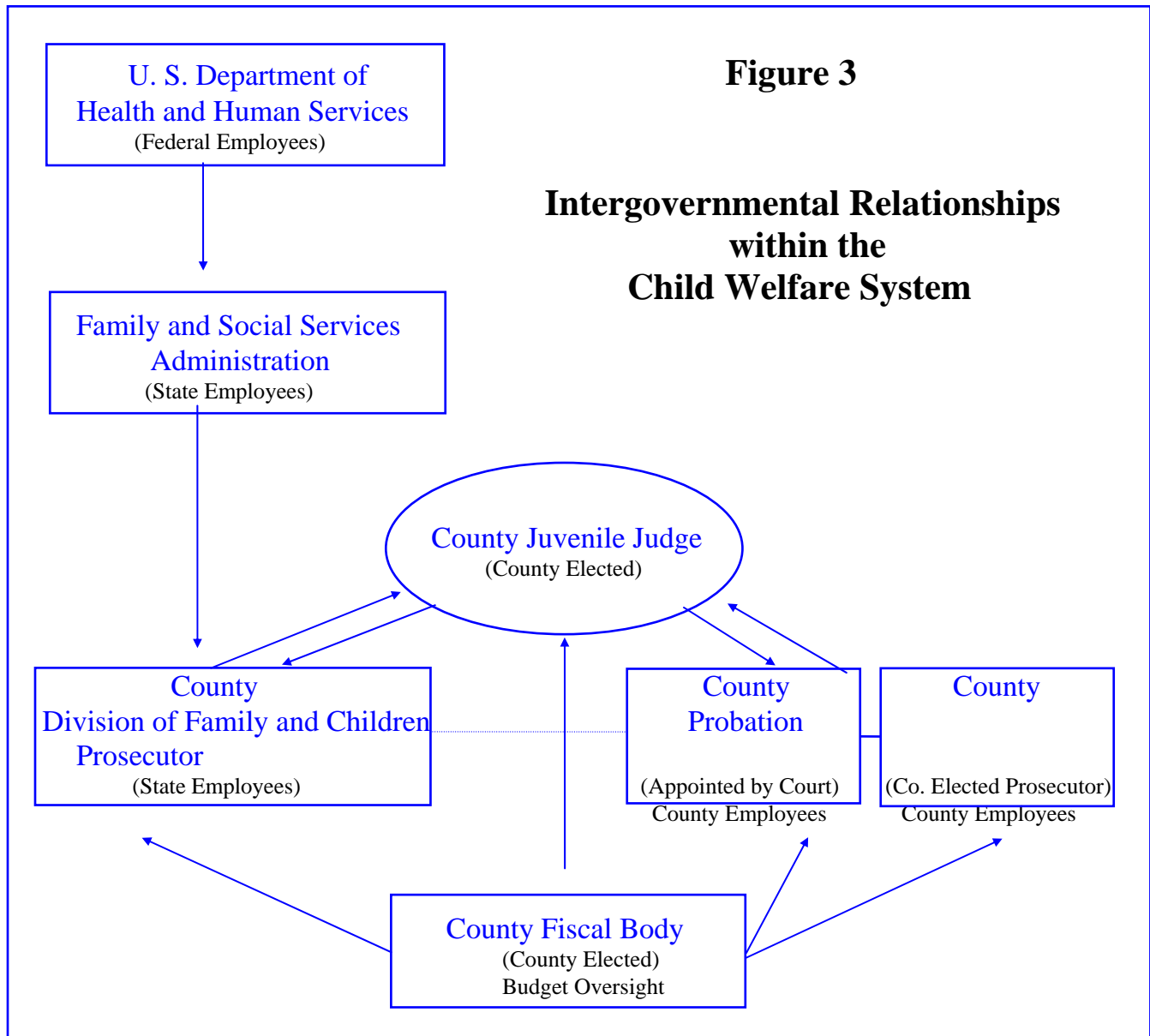
Both of these alternatives are premised on having family preservation services available in the community to shorten the amount of time a child is removed and helping to address some of the contributory factors leading to abuse, neglect, or delinquency. For instance, county DFC case managers may recommend placement at a therapeutic foster home for a difficult child who previously would have been placed in a residential facility. This type of placement allows the child to remain in a family setting with specially trained foster parents who can handle more difficult children. The foster family environment is supplemented with, among other things, counseling for the child and family, emergency respite care, and educational support services.

Efforts to reduce the length of time at a residential facility are bringing some competitive forces to the service provider industry. Historically, the length of placement was dictated by service providers. Counties did not know if treatment or rehabilitation could be provided more quickly than recommended, and a child had no incentive to show improvement early in the treatment or rehabilitation program if the placement was for a year. Also, it is difficult to assess the effectiveness of care, particularly when a child leaves an institutional environment to return to an environment that is, perhaps, no different than the one from which he/she was removed. To partially address these concerns, more counties are demanding that institutional care be provided in a shorter time period, and services be provided to the family. With the use of family preservation services, in conjunction with other social services, the expectation is that the child and family receive more effective and less expensive services than placement at a residential facility.

## **V. Intergovernmental Issues**

Counties contend that the responsibility to finance child welfare services, which the State administers, is an unfunded mandate. For this reason, counties argue that the State should assume total financial responsibility for these services. The State contends that, due to the other government agencies involved, it cannot entirely control the child welfare system. Figure 3 illustrates the intergovernmental relationships involved in this system and demonstrates that the State lacks control of:

1. the federal government who dictates programmatic requirements and standards;
2. the county probation officers who recommend child welfare services for Delinquents that must be paid for from the Family and Children Fund; and
3. the locally elected county juvenile judges who adjudicate a child a CHINS or Delinquent and order out-of-home placements and services.



The complexity of these intergovernmental interactions has resulted in considerable conflict within the child welfare system.

From the State's perspective, the 1987 transfer of administrative responsibilities occurred because counties provided the services while the State paid for them. Counties contend that the 1987 reforms simply reversed the roles, and counties now pay for services ordered by the State. For example, counties argue that the State lacks a fiscal incentive to determine whether the cost of a placement is more appropriate than a less expensive placement. Also, counties contend that the State lacks an incentive to identify alternative sources of funding as long as counties pay for out-of-home placements.

As institutional costs and the number of wards continued to grow, counties became increasingly frustrated with the system. Counties have struggled to balance the demand for ward services with the demand to control the costs of these services. Between 1991 and 1995, 41 counties increased their County Welfare Fund levy (including the Family and Children Fund in 1995) by more than 75 percent in a single year. Twelve counties increased their levies by more than 50 percent at least twice in the same five year period.

By statute, counties are allowed to increase property tax levies within certain levy limits.<sup>6</sup> The increases alluded to in the preceding paragraph could not be accommodated within the levy limits. However, by statute, counties must pay for these services even when the expenditures exceed appropriations. Therefore, alternative sources of revenue have been required. There are generally four alternatives.

1. Borrow funds from another county fund to be paid back within the same fiscal year;
2. Secure a short-term loan to be paid back the following year with interest;
3. Issue a bond to be repaid within 10 years; or
4. Request an increase in the levy limit, which is otherwise referred to as an excess levy.

Table V and Table VI illustrate by county and year, the dollar amount borrowed, bonded, or approved for an excess levy. County DFC requests for alternative sources of revenue must be proposed to and voted on by the county fiscal body. A county's maximum levy is based on the prior year's levy and a growth quotient, as dictated by the property tax control statutes. If a county adopts an excess levy, this additional levy will become a part of the property tax base for future years. Counties, however, do not need to levy the maximum allowed if expenditures will be less than the levy. A county's maximum allowable levy continues to grow according to the growth quotient even if the county does not levy the maximum in a particular year.

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<sup>6</sup> The property tax controls for the County Welfare Fund and the Family and Children Fund are the same controls for other civil operating levies. I.C. 6-1.1-18.5-3 limits levy growth to between 5 percent and 10 percent annually.

Table V								
Approved Requests for Excess Levies								
County	1990	1991	1992	1993	1994	1995	1996	Total (1990-1996)
Adams				\$ 430,882				\$ 430,882
Allen					\$ 5,178,838	\$ 2,860,000	\$ 4,396,481	\$ 12,435,319
Bartholomew		\$ 300,000		\$ 164,616				\$ 464,616
Blackford							\$ 61,189	\$ 61,189
Boone			\$ 301,982	\$ 541,107				\$ 843,089
Cass	\$ 238,584	\$ 21,329	\$ 193,509	\$ 562,500				\$ 1,015,922
Clark					\$ 1,019,937			\$ 1,019,937
Clinton		\$ 90,577	\$ 96,202	\$ 285,325			\$ 612,382	\$ 1,084,486
Crawford		\$ 161,450						\$ 161,450
Daviess	\$ 188,089		\$ 131,974	\$ 282,107				\$ 602,170
Dearborn		\$ 192,187						\$ 192,187
Decatur		\$ 75,000			\$ 32,836	\$ 118,956	\$ 99,599	\$ 326,391
Dekalb			\$ 217,940	\$ 171,872				\$ 389,812
Delaware				\$ 2,392,183	\$ 2,770,962			\$ 5,163,145
Elkhart			\$ 1,963,554	\$ 723,043		\$ 1,131,255		\$ 3,817,852
Floyd					\$ 100,000			\$ 100,000
Fountain				\$ 164,551	\$ 137,801	\$ 183,009		\$ 485,361
Franklin		\$ 145,691	\$ 254,884					\$ 400,575
Fulton			\$ 279,842	\$ 130,000				\$ 409,842
Gibson			\$ 187,162					\$ 187,162
Grant						\$ 1,494,929		\$ 1,494,929
Greene				\$ 217,718	\$ 132,534	\$ 94,000	\$ 176,920	\$ 621,172
Hancock				\$ 252,051				\$ 252,051
Harrison	\$ 129,478		\$ 43,563					\$ 173,041
Hendricks							\$ 203,696	\$ 203,696
Henry		\$ 257,179						\$ 257,179
Howard	\$ 453,720							\$ 453,720
Jackson						\$ 104,777		\$ 104,777
Jasper							\$ 668,000	\$ 668,000
Jefferson					\$ 511,016	\$ 306,038	\$ 540,000	\$ 1,357,054
Jennings					\$ 100,000			\$ 100,000
Johnson	\$ 1,033,364							\$ 1,033,364
Kosciusko					\$ 241,577	\$ 160,888		\$ 402,465
Lagrange	\$ 350,218							\$ 350,218
Lake		\$ 6,266,282	\$ 178,262	\$ 13,868,000	\$ 5,953,603			\$ 26,266,147

The Child Welfare System in Indiana

Lawrence							\$ 249,530	\$ 249,530
Madison		\$ 303,388	\$ 931,245		\$ 1,186,338	\$ 904,022		\$ 3,324,993
Marion			\$ 9,630,182					\$ 9,630,182
Marshall							\$ 217,575	\$ 217,575
Martin			\$ 117,954					\$ 117,954
Miami		\$ 182,854		\$ 178,593		\$ 182,563	\$ 200,000	\$ 744,010
Monroe		\$ 520,956	\$ 768,327		\$ 1,433,405		\$ 1,246,637	\$ 3,969,325
Montgomery			\$ 572,345					\$ 572,345
Morgan					\$ 825,000			\$ 825,000
Newton			\$ 52,100					\$ 52,100
Noble						\$ 59,884	\$ 359,419	\$ 419,303
Orange				\$ 111,043				\$ 111,043
Owen						\$ 408,104		\$ 408,104
Posey							\$ 582,742	\$ 582,742
Pulaski		\$ 363,403						\$ 363,403
Putnam				\$ 565,270				\$ 565,270
Randolph					\$ 364,585	\$ 251,068	\$ 279,831	\$ 895,484
Ripley							\$ 83,465	\$ 83,465
St. Joseph			\$ 3,243,139			\$ 3,267,664	\$ 2,356,233	\$ 8,867,036
Scott				\$ 104,828				\$ 104,828
Shelby							\$ 283,410	\$ 283,410
Starke							\$ 231,992	\$ 231,992
Steuben		\$ 345,203					\$ 328,379	\$ 673,582
Sullivan							\$ 156,258	\$ 156,258
Switzerland					\$ 116,772			\$ 116,772
Tippecanoe		\$ 1,235,113			\$ 3,579,063			\$ 4,814,176
Union							\$ 176,040	\$ 176,040
Vanderburgh							\$ 1,498,624	\$ 1,498,624
Wabash					\$ 29,843	\$ 180,295		\$ 210,138
Wells	\$ 395,608							\$ 395,608
Whitley						\$ 294,349		\$ 294,349
<b>TOTAL</b>	\$ 2,791,051	\$ 10,462,603	\$ 19,166,158	\$ 21,147,682	\$ 23,716,104	\$ 12,003,796	\$ 15,010,398	\$ 104,297,792
<b># of Approved Requests</b>	7	15	18	18	18	17	23	116

Source: State Board of Tax Commissioners

**Table VI  
Property Tax Levies for Debt Service on County Welfare Bonds and Loans**

County	1989	1990	1991	1992	1993	1994	1995	Total (1989-1995)
Allen						\$ 3,774,712		\$ 3,774,712
Boone					\$ 209,562			\$ 209,562
Carroll			\$ 280,376	\$ 134,904				\$ 415,280
Cass			\$ 44,664	\$ 129,521	\$ 109,822			\$ 284,007
Clark				\$ 550,547	\$ 847,958	\$ 1,402,058		\$ 2,800,563
Clinton				\$ 115,372	\$ 113,401			\$ 228,773
Daviess		\$ 63,366						\$ 63,366
Dekalb					\$ 117,694			\$ 117,694
Delaware						\$ 666,132	\$ 2,150,704	\$ 2,816,836
Elkhart				\$ 1,556,805				\$ 1,556,805
Fayette						\$ 500,927		\$ 500,927
Fulton				\$ 359,318				\$ 359,318
Grant							\$ 919,008	\$ 919,008
Hendricks	\$ 112,003							\$ 112,003
Henry				\$ 76,839	\$ 674,698			\$ 751,537
Howard	\$ 437,816		\$ 360,887	\$ 214,413	\$ 211,288	\$ 716,649		\$ 1,941,053
Jay	\$ 115,641							\$ 115,641
Johnson	\$ 342,944	\$ 425,141	\$ 13,654					\$ 781,739
Kosciusko					\$ 105,294			\$ 105,294
Lagrange			\$ 215,754					\$ 215,754
Lake	\$ 8,547,678	\$ 2,226,270	\$ 9,189,657		\$ 5,232,271	\$ 12,935,116		\$ 38,130,992
Marion	\$ 1,945,846	\$ 2,400,254	\$ 6,273,414	\$ 10,803,284	\$ 9,044,570	\$ 18,088,815		\$ 48,556,183
Martin		\$ 64,457	\$ 65,952	\$ 108,870			\$ 77,051	\$ 316,330
Miami			\$ 131,729		\$ 267,457	\$ 235,237	\$ 386,385	\$ 1,020,808
Monroe		\$ 313,686	\$ 219,205					\$ 532,891
Morgan						\$ 263,229		\$ 263,229
Newton				\$ 181,145				\$ 181,145
Pulaski	\$ 130,743	\$ 129,047		\$ 7,243				\$ 267,033
Putnam				\$ 197,369	\$ 450,602			\$ 647,971
Ripley						\$ 251,052		\$ 251,052
Rush							\$ 143,776	\$ 143,776
Steuben				\$ 92,763				\$ 92,763
Switzerland					\$ 65,038	\$ 140,878	\$ 20,453	\$ 226,369
Tippecanoe	\$ 745,577	\$ 346,167		\$ 962,362		\$ 1,877,017		\$ 3,931,123
Wells	\$ 413,191	\$ 60,148	\$ 67,329					\$ 540,668
<b>TOTAL</b>	<b>\$ 12,791,439</b>	<b>\$ 6,028,536</b>	<b>\$ 16,862,621</b>	<b>\$ 15,490,755</b>	<b>\$ 17,449,655</b>	<b>\$ 40,851,822</b>	<b>\$ 3,697,377</b>	<b>\$ 113,172,205</b>
<b># Bonds &amp; Loans*</b>	<b>12</b>	<b>10</b>	<b>12</b>	<b>15</b>	<b>13</b>	<b>12</b>	<b>6</b>	<b>80</b>

Loan and bond proceeds may have been received in the prior year with the levy applied in the following year. Thus, levies in the 1994 column were most likely borrowed or issued in 1993.

\* Counties can issue both bonds and loans in the same year. For this reason, the number of counties borrowing and bonding in a particular year may not add to the annual total.

Source: Local Government Database

From 1982 to 1995, total assessed valuation grew at an average annual rate of 5.9 percent. During this same time period, the average total county welfare property tax rate increased from 33 cents to 65 cents per \$100 of assessed value.

The Statewide averages, however, do not demonstrate the disparity that exists in welfare property tax rates across the 92 counties. Table VII shows the 1995 combined property tax rate for the County Welfare Fund and the Family and Children Fund for 20 counties.<sup>7</sup> From 1982 to 1995, the average rate for these two funds increased from 32 cents to 47 cents per \$100 of assessed value. In 1995, the difference between the highest and lowest rates was \$1.79 per \$100 of assessed value.

<b>Table VII</b>			
<b>1995 Property Tax Rates for</b>			
<b>County Welfare and Family &amp; Children Funds</b>			
(Per \$100 of Assessed Value)			
10 Lowest		10 Highest	
County	Rate	County	Rate
Porter	0.05	Lake	1.84
Spencer	0.05	Delaware	1.02
Johnson	0.08	Grant	0.86
Hendricks	0.08	Fayette	0.78
Vermillion	0.09	Owen	0.70
Hamilton	0.09	Miami	0.66
Ohio	0.11	Madison	0.62
Dubois	0.11	Crawford	0.61
Kosciusko	0.11	St. Joseph	0.61
Posey	0.15	Wabash	0.61

Source: Local Government Database

While the disparity in property taxes is certainly evident, counties generally contend that the greater inequity is the sheer growth of county welfare levies and the counties' responsibility to fund this growth. For this reason the relationship between county DFC offices and county fiscal bodies has at times been strained.

<sup>7</sup> Appendix 4 shows the 1995 property tax rates for the combined County Welfare and Family and Children Funds rate and Total County Welfare Funds for all 92 counties.

## **The Value of Cooperation and Communication**

In 1993, Randolph County's County Welfare Fund levy was \$384,938, which was about \$900 more than the County's 1982 levy. In 1994, the levy increased by 100 percent. In 1995, it increased another 24 percent. These increases were funded by approved excess levies in the amounts of \$364,585 in 1994, \$251,068 in 1995, and \$279,831 in 1996. The levy growth occurred because of substantial growth in residential placement expenditures. In 1992, the county spent almost \$190,000 from the Institutions Account. In a single year, the cost increased to approximately \$415,000. By 1995, the cost had grown to nearly \$690,000. Meanwhile, the county DFC office did not regularly assess whether children requiring out-of-home placements were eligible for Foster Care Assistance. Thus, the expenditures were born solely by the county.

The county fiscal body could no longer tolerate this growth and demanded that DFC implement a plan to control costs. Ultimately, representatives from the county fiscal body, county and State DFC offices, county probation office, and county juvenile court began meeting. It took nine meetings for the parties to resolve their differences and agree on a plan to control costs. This plan resulted in the 1996 property tax levy declining by approximately one-third. Expenditures from the Institutions Account were expected to decrease by approximately 50 percent.

Johnson County confronted the issue of how to balance the demand for services with the demand to control costs a few years earlier. The County's fiscal difficulties began in the late 1980s, resulting in the county fiscal body approving welfare loans in 1989, 1990, and 1991 and increasing the maximum levy by approximately \$1 million in 1990. Ultimately, the county undertook a collaborative effort that not only included the county DFC office, county probation office, and county juvenile court but also a number of other agencies. This group works to identify families before an out-of-home placement is necessary and determine what services the various agencies could provide to alleviate future risk of a child's removal. When an out-of-home placement is considered necessary by DFC, the group assesses every out-of-home placement recommendation. Johnson County is considered a model for developing community-based services that keep the child in the community and near the family and significantly reducing the costs of the child welfare system.

The fiscal results are remarkable. From 1994 to 1995, Johnson County experienced a 63 percent reduction in the County Welfare and Family and Children Fund levies. The county DFC director proposed a third consecutive property tax rate reduction in 1996 for fiscal year 1997. Expenditures from the Institutions Account declined from a high in 1992 of \$1.1 million to approximately \$350,000 in 1995. To achieve these reductions, the county DFC office made a concerted effort to 1) always assess whether a child is eligible for Foster Care Assistance and 2) utilize less restrictive placements and more family preservation services. If an institutional placement is necessary, the length of time spent at an institution is closer to three months in Johnson County rather than the 8 to 12 months commonly recommended by service providers. After three months, the child will be evaluated for placement at a less restrictive placement, if it is still not possible for the child to return home. The implementation of all these changes required the cooperation of and communication between many parties.

## **VI. Ongoing Reforms**

In 1993, Governor Bayh attempted to address the rapid growth of welfare levies through the creation of a committee that evaluated numerous aspects of the child welfare system. The committee issued a report in October of 1993 containing fiscal, policy, and administrative

recommendations. These recommendations became the basis of legislation enacted in 1994 (P.L. 36-1994). Table III details some of the fiscal recommendations having a significant impact on the county welfare budget process. The fiscal changes did not take effect until the 1995 calendar year. Policy and administrative changes, both identified by the Governor's Committee and independent FSSA initiatives, are at varying degrees of implementation. Therefore, this report can not fully address the impact of the work begun by the Governor's Committee, enacted by the General Assembly, and implemented by the State and county DFC offices.

**Table III**  
**1993 Governor's Committee on Welfare Property Tax Controls:**  
**Fiscal Recommendations**

- A. *Create a new County Family and Children Fund for CHINS and Delinquent expenses.***  
P.L. 36-1994 removed the child welfare accounts from the County Welfare Fund and transferred them to a Family and Children Fund. The County Welfare Fund now only pays for the public assistance accounts.
- B. *Establish new budgeting requirements for the Family and Children Fund that would require the County DFC Director and the county juvenile court to jointly develop and present the annual budget to the county fiscal body and to meet monthly after adoption to review expenditures against the budget.***

P.L. 36-1994 enacted budgetary process requirements. The State DFC Director has directed the county DFC directors to seek the input and inclusion of concerns from locally elected officials and staff prior to developing the budget. At a minimum, this should include input from:

- County Judges holding juvenile jurisdiction,
- County Auditor,
- President, County Council, and
- President, County Commissioners.

In order to receive this input from the county juvenile judges, a minimum of two meetings are to be held annually. One should be held prior to April 1. A follow-up meeting should occur in August to discuss the budget and any comments received from FSSA. Minimally, the county DFC director is to report to the previously identified elected officials on a quarterly basis concerning "performance to budget" for out-of-home placement accounts.

***Transfer the excess levy and borrowing provisions allowed under the County Welfare Fund to the Family and Children Fund.***

P.L. 36-1994 enacted this provision.

- C. *The State and counties should undertake aggressive efforts to utilize federal reimbursement opportunities.***  
Since 1991, Indiana has collected over \$40 million in retroactive reimbursements for past expenditures for two federal programs, Foster Care Assistance and Emergency Assistance.

In addition to the reforms enacted in 1994, there have been several additional State and county initiatives. These initiatives prompted important changes to the system and can broadly be broken down into two areas; programmatic reforms and administrative and fiscal reforms. A brief overview of some of these reforms is included here.

**A. Programmatic Reforms**

1. Enactment of P.L. 207-1996, which requires case managers, probation officers, and juvenile judges to consider placing a child with relatives as a first alternative when removing a child from his/her home.
2. County DFC offices are recommending less-costly and less restrictive placement options to residential facilities whenever feasible. When residential placements are necessary, counties are trying to reduce the length of stay.
3. Enactment of P.L. 208-1996, which requires that a CHINS case undergo a formal court review 12 months after the date of the child's removal from his/her home. Previously, this hearing was not required until 18 months after removal. This legislation should assist in reducing out-of-home placement time for CHINS.
4. The State is negotiating the terms and agreement of a Foster Care Assistance waiver that would allow counties more flexibility to provide home-based and community-based placement alternatives by diverting per diem funds that would have been used for more restrictive placements.
5. In 1995, the federal government approved Indiana's 5-year plan to provide family preservation and support services and awarded the State \$2.3 million for the 1996 federal fiscal year. The grant will be utilized by all 92 counties to fund short term, highly intensive services. Eligible families will receive or participate in services intended to prevent out-of-home placements.
6. More counties are implementing the Healthy Families program; a child abuse and neglect prevention program. The program provides voluntary home visitation services tailored to individual family needs. Home visits may cover such issues as parent education, prenatal care, primary health care, mental health services, and resource referral.

**B. Administrative and Fiscal Reforms**

1. When the county DFC director's projected budget exceeds the county fiscal body appropriation, the State and county DFC offices are committed to meeting with county officials, county juvenile judges, and the county probation office to determine how all parties can live within the county's budget.
2. Prior to requesting a loan, bond or an excess levy from a county fiscal body, the county DFC director must first explain the need for these revenues to the State DFC director and receive his approval to submit the request. As Tables V and VI demonstrated, the procedure has contributed to the decline in the dollar amount and/or number of excess levies, bonds, and loans.

3. State and county DFC offices continue to develop and attempt to implement service delivery practices that will permit counties to seek the maximum allowable federal reimbursements. P.L. 105-1996 requires county DFC offices to assess a child's eligibility for federal assistance within 30 days of removal from their home.
4. The practice of county juvenile judges ordering parental contributions and the county enforcing and collecting that contribution has increased but still varies by county. Greater standardization across counties is still necessary. A Statewide system to collect data on parental contributions ordered and collected is also necessary. Currently, parental contributions cannot be distinguished from other types of reimbursements at the State level.
5. The State implemented a case manager training program on risk and needs assessment. Improved training should assist case managers in assessing how best to serve a child and family, identifying future risks of abuse and neglect, and determining the least-restrictive placement at which a child can safely receive care.
6. County DFC offices are beginning to implement a computer database system to better track caseload information on a Statewide basis. The database should improve data analysis of caseload information and of program performance for both CHINS and Delinquents.

While the results of these efforts on the child welfare system are still largely unknown, there is at least one tangible fiscal improvement. More counties are reducing the combined County Welfare Fund and Family and Children Fund property tax rates. In 1993, 10 counties reduced the property tax rate for the County Welfare Fund. In 1994, this number increased to 17, and, in 1995, the number further increased to 35 for the combined County Welfare Fund and Family and Children Fund rate.

## **VII. Conclusion**

The child welfare system that has emerged in the last two decades, exacerbated by the 1987 changes in financial and administrative responsibilities, contains few incentives to appropriately control costs. Judges, county welfare offices, county probation offices, schools, and mental health centers all played a part in a complex system that has had to deal with a multitude of changes and financial problems during this time period. By the beginning of the 1990s, the system that had developed lacked appropriate fiscal oversight and accountability mechanisms, permitting abnormal levy and expenditure growth. In response to pressure from county fiscal bodies, the Governor's 1993 Special Committee assessed the financial and administrative components of the child welfare system for the first time on a Statewide basis. The Committee prompted numerous reforms by the legislature, FSSA, and the counties. In the beginning stages, these reforms have helped slow the growth of county welfare levies. Unfortunately, not all counties have been equally affected, and some are still experiencing tremendous growth in Family and Children Fund expenditures. There remain intergovernmental problems within the system, particularly the conviction held by county government that they are paying for an unfunded mandate. Also, the system still predominantly identifies a child only when an incident of abuse, neglect, or delinquency occurs. The lack of pre-crisis identification has allowed government systems to delay intervention in order to minimize agency costs in the short-run resulting in more expensive government-wide costs in the long-run. Further, market forces have

largely eluded the service provider industry in Indiana. Only recently have some counties begun to exert competitive forces on the service provider market in order to change the way services are provided to children and families.

For these reasons, the child welfare system is in need of additional administrative, programmatic, and fiscal reforms. Suggestions for further reforming the child welfare system should focus on how to:

1. Ensure that the State takes a greater leadership role in coordinating the child welfare system and connected systems across agencies. A Statewide perspective may be necessary to assess whether there are adequate child welfare services throughout the State. When adequate service options are not available, only Statewide leadership can help achieve economies of scale so that a full range of service options can be accessed by all counties.
2. Shift a portion of the financial burden to the State so that the State has an increased fiscal responsibility. When a system includes multiple levels of government, each level of government must be fiscally invested in order to ensure appropriate decision making.
3. Demand cooperation across government systems that provide services to children. State leadership should seek to blend funding resources across agencies to encourage earlier identification of children at-risk and promote coordination of children's services in a holistic manner rather than by separate agencies.
4. Recognize that each county has unique populations, unique priorities in how to serve families, unique resources available, and unique strengths to address the families in their communities. No single approach to administering child welfare services is appropriate for all 92 counties.
5. Include judges in cooperative efforts to improve the child welfare system and identify appropriate placement options. Judges are at the center of the decision making process and ultimately determine the costs of child welfare services either by adopting a caseworker's recommendation or implementing their own decisions.

While significant reforms have been implemented, they have not yet addressed some of the underlying systemic problems. Therefore, future reforms must address the child welfare system as a whole rather than focusing exclusively on changing the tax base that finances these services or administrative reforms that do not alter the disincentives to identify a child at-risk. Taxpayers contribute a tremendous amount of resources to this system and should be assured that the revenues are used both effectively and in the best interest of the children.

Appendix 1

Average Annual Percent Changes in County Welfare Levies

County	% Change from 1982-95	% Change from 1990-95	County	% Change from 1982-95	% Change from 1990-95	County	% Change from 1982-95	% Change from 1990-95
Adams	8.8%	7.9%	Hendricks	11.7%	3.3%	Pike	11.2%	8.7%
Allen	11.0%	18.9%	Henry	9.2%	11.7%	Porter	10.0%	5.0%
Bartholomew	7.6%	9.8%	Howard	13.7%	10.2%	Posey	11.1%	5.9%
Benton	4.8%	5.2%	Huntington	7.1%	5.8%	Pulaski	16.4%	16.4%
Blackford	11.5%	1.7%	Jackson	8.1%	9.5%	Putnam	14.1%	18.8%
Boone	17.9%	20.4%	Jasper	5.3%	8.5%	Randolph	9.0%	17.8%
Brown	8.0%	4.3%	Jay	11.7%	9.0%	Ripley	14.4%	24.2%
Carroll	7.9%	15.3%	Jefferson	11.1%	14.6%	Rush	10.1%	22.2%
Cass	13.7%	9.4%	Jennings	9.4%	16.0%	Scott	12.8%	16.9%
Clark	9.1%	19.4%	Johnson	8.3%	-17.1%	Shelby	7.6%	7.9%
Clay	4.1%	8.0%	Knox	7.3%	3.8%	Spencer	7.3%	9.4%
Clinton	10.2%	16.8%	Kosciusko	11.2%	16.0%	St. Joseph	14.2%	3.4%
Crawford	13.0%	17.6%	Lagrange	18.5%	6.3%	Starke	8.4%	10.0%
Daviess	10.2%	8.6%	Lake	11.2%	16.7%	Steuben	13.9%	15.2%
Dearborn	7.2%	10.1%	LaPorte	11.1%	11.6%	Sullivan	15.1%	5.8%
Decatur	6.7%	15.4%	Lawrence	5.2%	4.2%	Switzerland	11.2%	24.1%
Dekalb	13.0%	20.8%	Madison	13.2%	17.2%	Tippecanoe	18.4%	22.6%
Delaware	18.5%	38.0%	Marion	13.6%	18.5%	Tipton	5.5%	-4.2%
Dubois	10.0%	8.8%	Marshall	12.1%	24.4%	Union	7.6%	4.9%
Elkhart	13.1%	21.4%	Martin	25.7%	7.9%	Vanderburgh	7.4%	3.7%
Fayette	15.0%	25.2%	Miami	11.8%	29.6%	Vermillion*	9.3%	N/A
Floyd	8.1%	6.1%	Monroe	14.8%	18.2%	Vigo	7.8%	5.9%
Fountain	14.6%	23.2%	Montgomery	10.1%	8.6%	Wabash	8.3%	16.5%
Franklin	12.7%	8.6%	Morgan	7.3%	8.5%	Warren	7.0%	3.3%
Fulton	15.3%	17.7%	Newton	14.7%	8.1%	Warrick	7.4%	10.6%
Gibson	7.2%	7.7%	Noble	11.5%	18.7%	Washington	7.3%	2.7%
Grant	14.1%	18.4%	Ohio	3.9%	-0.5%	Wayne	7.3%	3.6%
Greene	15.5%	16.8%	Orange	8.2%	6.1%	Wells	11.1%	-1.1%
Hamilton	14.9%	16.5%	Owen	15.0%	28.4%	White	9.3%	18.6%
Hancock	12.0%	16.1%	Parke	3.0%	2.0%	Whitley	10.3%	16.3%
Harrison	7.5%	1.5%	Perry	10.4%	9.2%	<b>State Avg.</b>	<b>11.6%</b>	<b>15.2%</b>

\* The Local Government Database did not include 1990 or 1991 levy information for Vermillion County.

Source: Local Government Database

## Appendix 2

### Placement Option Examples

#### (1) Relative's Home

**Type of Child Served:** CHINS and some Delinquents

**Type of Treatment:** Relatives are the first option considered when removing the child from his or her home. When a relative cares for a CHINS or Delinquent, the relative may receive financial assistance. If the CHINS or Delinquent is eligible for AFDC, the relative can collect the child's benefit. Alternatively, the relative can go through foster parent training and receive a foster care per diem. The child and family may also participate or receive other social services. These services may include 24 hour crisis intervention, individual and family counseling, skill development, and emergency assistance.

**Average Length for Completion of Program:** 12 weeks

**Estimated Cost:** based on 4 hours a week for 12 weeks = \$792. Assume relative receives the AFDC benefits for 3 months = \$418.50. Total for social services and AFDC benefits for 12 weeks = **\$1,210.50**.

#### (2) Foster Home

##### Foster Family Home

**Type of Child Served:** CHINS and some Delinquents

**Type of Treatment:** Trained and licensed foster care parents care for child in their home. Additional social services may also be provided, plus additional services including some of the services mentioned in number 1.

**Per Diem:** \$13.50 to \$25.00, varies due to age and health of child

**Average Length of Stay for Completion of Program:** 8 to 12 months

**Estimated Cost:** based on average of range, \$19.25, and 30 days per month for 10 months = **\$5,775**

##### Therapeutic Foster Family Home

**Type of Child Served:** a physically/sexually abused or neglected CHINS

**Type of Treatment:** CHINS live with specially trained foster parents who are supervised by private agencies, and receive services from a trained therapist. The foster home would have access to 24-hour emergency care, an education specialist, a consulting psychologist and consulting psychiatrist. Respite care is available as needed.

**Per Diem:** \$70.00 includes clothing, school supplies, in-house caseworker and therapeutic services, comprehensive assessments, psychological services, psychiatric evaluation, on-going training and support for foster parents, and aftercare.

**Average Length of Stay for Completion of Program:** 8 to 12 months

**Estimated Cost:** based on 30 days per month for 10 months = **\$21,000**

### **(3) Residential Facility**

Residential Facility is a broad category including emergency shelters, group homes, and institutions. Some facilities have educational facilities on-site; others send the children to the local school district. The types of children served, and the costs of the facilities vary dramatically. Of the DFC approved rates for residential facilities, per diems varied from \$26.50 to \$449. Two examples of a residential placement are described here. These examples are by no means all inclusive of placement options.

#### **Non-Secured Facility**

**Type of Child Served:** a child who was emotionally/physically/sexually abused, neglected, or abandoned, a status offender, a runaway, or pre-Delinquents

**Type of Treatment:** daily individual counseling, family counseling, weekly group counseling, independent living skills training, after care program, school liaison services, family preservation services, crisis intervention, therapeutic crisis intervention, attend public school or involved with G.E.D. program, tutoring, transportation, services, recreational activities, parent support group.

**Per Diem:** \$97.50 (In-County) or \$107.50 (Out of County) includes counseling services, transportation, school supplies, independent living skills training, tutoring, recreational activities, youth allowance, aftercare services.

**Average Length of Stay for Completion of Program:** Varies by child

**Estimated Cost:** based on 30 days per month for 10 months = **\$29,250 (In-County) or \$32,250 (Out of County)**

#### **Locked/Secured Facility**

**Type of Child Served:** children and adolescents requiring long term psychiatric care in a locked, secure setting. Emotional, behavioral, and educational difficulties are addressed. Designed to treat the most difficult children and adolescents.

**Type of Treatment:** The program specializes in working with children and adolescents who require intensive, individualized and ongoing treatment and suffer from both emotional and behavioral disturbances. The in-house school is staffed with teachers certified in special education.

**Per Diem:** \$325.00 per day Includes routine medical and dental care, school fees and supplies, in house therapy, psychiatric services, routine psychological/diagnostic evaluation, on grounds education, and adventure programming.

**Average Length of Stay for Completion of Program:** 3 to 18 months

**Estimated Cost:** based on 30 days per month for 10 months = **\$97,500**

### **(4) Juvenile Correctional Facility**

There are both State and county correctional facilities for juveniles. The cost of sending a Delinquent to a State facility is shared equally by the State and county. County facilities are 100 percent county funded and are typically used to hold a Delinquent until a sentence is determined. Delinquents may serve their sentences at some county facilities or at a State facility, such as the Indiana Boys School. Medical services may be an additional expense not included in the per diem.

### Appendix 3

#### Descriptions of Family and Children Fund Accounts

TITLE	DESCRIPTION
Foster Care Assistance	Provides a federal per diem reimbursement for the expenses of CHINS or Delinquents whose families were eligible for AFDC, were removed from their homes, and are placed in either licensed foster home or residential facilities.
Adoption Assistance	Provides a subsidy and Medicaid for adoptive families with foster care eligible children with special needs.
Care of Wards in Foster Homes	Pays for CHINS and Delinquents in foster care who are not eligible for the federal foster care subsidy.
Care of Ward in Institutions	Pays for CHINS and Delinquents in residential care who are not eligible for the federal foster care subsidy.
Independent Living for Wards	Pays for services to older teenagers living in foster or residential care, CHINS or Delinquents, that prepare the child for adulthood. Services include counseling, support groups, vocational training, daily living skills, and job search skills.
Adoption Aid: Hard to Place Children	Provides an additional subsidy for adopted children who are not eligible for the federal foster care subsidy but are disadvantaged due to language, physical, mental or medically handicapped, or race or ethnic background.
Family Services	Pays for services either to prevent children from being removed from parents or to reunite families, including parent education and intensive family counseling.
Emergency Assistance (Expenditures for Wards and Families are distinguished.)	This account was established to provide matching funds for federal participation in the Emergency Assistance program. Eligible children/families must be CHINS or have a substantial report of child abuse or neglect. Eligible services include substitute care, medical care, clothing, and counseling.
Medicaid Rehabilitation Option (Expenditures for Wards and Families are distinguished.)	The recipients of this program are CHINS or Delinquents who are at risk of being placed in substitute care and who are Medicaid eligible. Services must be provided through a community mental health center.
Capital Costs & Extraordinary Transportation	Pays for tuition and extraordinary transportation costs for wards placed out of State.
Medical, Dental, Burial	Services for CHINS or Delinquents who are not eligible for Medicaid.
Clothing and Other	Supportive services for CHINS and Delinquents who are in need of clothing, school supplies, or other miscellaneous necessities.
Foster Parent Insurance	Provides financial assistance to purchase insurance.

**Appendix 4**  
**Combined 1995 County Welfare Fund and Family and Children Fund Property Tax Rates**  
**(Per \$100 of Assessed Value)**

Rank	County	County Welfare Fund/Family & Children Fund	Rank	County	County Welfare Fund/Family & Children Fund	Rank	County	County Welfare Fund/Family & Children Fund
1	Porter	0.0486	32	Franklin	0.2312	63	Clinton	0.3965
2	Spencer	0.0501	33	Harrison	0.2324	64	Scott	0.3976
3	Johnson	0.0767	34	Clay	0.2401	65	Vanderburgh	0.4051
4	Hendricks	0.0841	35	Rush	0.2435	66	Daviess	0.4295
5	Vermillion	0.0864	36	Marshall	0.2445	67	Ripley	0.4383
6	Hamilton	0.0900	37	Adams	0.2639	68	Elkhart	0.4386
7	Ohio	0.1086	38	Decatur	0.2661	69	Monroe	0.4461
8	Dubois	0.1093	39	Whitley	0.2672	70	Fulton	0.4627
9	Kosciusko	0.1127	40	Morgan	0.2720		<b>State Average</b>	<b>0.4707</b>
10	Posey	0.1462	41	Noble	0.2724	71	Henry	0.4829
11	Union	0.1492	42	Howard	0.2726	72	Greene	0.4877
12	Warrick	0.1594	43	Perry	0.2741	73	Randolph	0.4954
13	Jasper	0.1606	44	Wells	0.2754	74	Tippecanoe	0.4960
14	Hancock	0.1666	45	Floyd	0.2768	75	Marion	0.5315
15	Sullivan	0.1687	46	Bartholomew	0.2785	76	LaPorte	0.5330
16	Carroll	0.1698	47	Pike	0.2816	77	Knox	0.5350
17	Tipton	0.1752	48	Wayne	0.2840	78	Jay	0.5390
18	Jackson	0.1754	49	Boone	0.2974	79	Switzerland	0.5531
19	Washington	0.1800	50	Steuben	0.3058	80	Martin	0.5696
20	Parke	0.1870	51	Newton	0.3137	81	Clark	0.5778
21	Warren	0.1911	52	Blackford	0.3162	82	Fountain	0.5907
22	Gibson	0.1925	53	Huntington	0.3265	83	Wabash	0.6055
23	Lawrence	0.1961	54	Starke	0.3433	84	St. Joseph	0.6100
24	Brown	0.1967	55	Dekalb	0.3442	85	Crawford	0.6140
25	Orange	0.2025	56	Allen	0.3603	86	Madison	0.6160
26	Benton	0.2036	57	Jennings	0.3746	87	Miami	0.6572
27	Vigo	0.2056	58	Pulaski	0.3746	88	Owen	0.7011
28	Montgomery	0.2100	59	Putnam	0.3891	89	Fayette	0.7829
29	Dearborn	0.2129	60	LaGrange	0.3900	90	Grant	0.8587
30	Shelby	0.2152	61	Cass	0.3916	91	Delaware	1.0244
31	White	0.2276	62	Jefferson	0.3945	92	Lake	1.8353

**Appendix 4 Continued**  
**1995 Total County Welfare Funds Property Tax Rates**  
**(Per \$100 of Assessed Value)**

Rank	County	Total County Welfare Funds	Rank	County	Total County Welfare Funds	Rank	County	Total County Welfare Funds
1	Johnson	0.1069	32	Noble	0.3412	63	Starke	0.5834
2	Porter	0.1235	33	Clay	0.3481	64	Scott	0.5911
3	Spencer	0.1299	34	Franklin	0.3563	65	Cass	0.5912
4	Hamilton	0.1321	35	Steuben	0.3566	66	Fulton	0.6007
5	Hendricks	0.1337	36	Parke	0.3611	67	Newton	0.6063
6	Dubois	0.1563	37	Adams	0.3636	68	Randolph	0.6141
7	Kosciusko	0.1598	38	Whitley	0.3759	69	Marion	0.6166
8	Vermillion	0.1779	39	Howard	0.3855	70	Pulaski	0.6204
9	Posey	0.2176	40	Pike	0.3875	71	Greene	0.6224
10	Hancock	0.2239	41	Wells	0.3887	72	Blackford	0.6285
11	Warrick	0.2382	42	Boone	0.3889		<b>State Average</b>	<b>0.6538</b>
12	Jasper	0.2403	43	Bartholomew	0.3891	73	Fountain	0.6847
13	Tipton	0.2526	44	Lawrence	0.3911	74	Henry	0.6871
14	White	0.2571	45	Morgan	0.4024	75	Vanderburgh	0.7213
15	Carroll	0.2592	46	Decatur	0.4029	76	Knox	0.7331
16	Warren	0.2813	47	Dekalb	0.4077	77	Jay	0.7667
17	Union	0.2862	48	Rush	0.4178	78	Jennings	0.7927
18	Benton	0.2884	49	Perry	0.4390	79	LaPorte	0.7929
19	Montgomery	0.2917	50	LaGrange	0.4409	80	Crawford	0.8027
20	Jackson	0.2938	51	Floyd	0.4545	81	Clark	0.8101
21	Sullivan	0.2957	52	Putnam	0.4746	82	Switzerland	0.8108
22	Gibson	0.3106	53	Huntington	0.4869	83	Madison	0.8163
23	Washington	0.3256	54	Allen	0.5023	84	Wabash	0.8348
24	Vigo	0.3268	55	Wayne	0.5100	85	Owen	0.8475
25	Dearborn	0.3282	56	Daviess	0.5224	86	St. Joseph	0.9010
26	Brown	0.3319	57	Clinton	0.5240	87	Fayette	0.9060
27	Marshall	0.3348	58	Elkhart	0.5313	88	Martin	0.9742
28	Harrison	0.3359	59	Jefferson	0.5338	89	Miami	1.0159
29	Shelby	0.3381	60	Monroe	0.5349	90	Grant	1.3610
30	Orange	0.3388	61	Ripley	0.5399	91	Delaware	1.5254
31	Ohio	0.3402	62	Tippecanoe	0.5705	92	Lake	2.7029

