

# ***The Differential Response Dilemma:*** **Creating Systemic Change** **Without Designated Funding Streams**

CYNTHIA LEE AMBAR

## EXECUTIVE SUMMARY

### **Introduction**

Federal child welfare financing supports foster care placements and other court-ordered services rather than early intervention and prevention. Differential Response (DR) is an essential component of Child Welfare Reform and represents major systemic change; however, there are no designated state or federal funding streams to support DR efforts. Santa Clara County implemented an expanded DR program in 2006 in six targeted zip codes, and is seeking additional funding to both sustain current efforts and expand services countywide. Eight California counties were surveyed regarding funding strategies and sustainability planning to identify successful funding practices and funding challenges.

### **Findings**

The counties surveyed are committed to systemic change and have been creative and resourceful in securing funding to implement DR efforts. In addition, the need to look outward to secure sufficient resources has also resulted in greater collaboration between child welfare agencies, funders, and community partners and has extended beyond DR efforts to other child abuse prevention activities.

Funding challenges are clearly evident.

Many counties are utilizing funding streams that are not stable or guaranteed. Many rely heavily on child welfare pilot allocations and Child Welfare System Outcome Improvement Project (CWSOIP) funding to support DR efforts. Pilot funds are limited to 11 pilot counties and are not designed to be

a long-term ongoing funding stream; CWSOIP funds are allocated annually on a competitive basis. A number of counties have also secured private funding. Private funders primarily support pilot projects and do not typically provide support for ongoing operational costs. In addition, only one county currently has sufficient resources to provide services countywide; all other counties must limit services by geographic area, age, DR path or family risk factors.

### **Recommendations**

Recommendations for Santa Clara County include:

- developing a cost-benefit analysis to improve the probability of securing general fund and other revenue,
- focusing applications for private funding on a DR path unique to Santa Clara County,
- engaging in more collaborative applications and projects to widen the pool of available resources,
- working with the local Child Abuse Council to promote targeting of Child Abuse Prevention, Intervention and Treatment Funds (CAPIT) to support DR efforts, and
- continuing to participate on the Child Welfare Director's Association Title IV-E CBO workgroup to assess the potential for obtaining funding for CBO's for administrative costs associated with DR services.

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## **Background**

Differential response is an approach in which child welfare agencies respond differently to reports of child abuse and neglect based on an individualized assessment of the family's risk factors and unique needs and circumstances. Most child welfare agencies have engaged in some level of differentiated responses for families; however, more recently formalized implementation of DR programs has been initiated.

In 2001, Alameda became the first county in California to implement a DR type program. In 2003, the California Department of Social Services (CDSS) initiated a multiyear project with 11 pilot counties to improve its child welfare system. DR was one of the project's three key statewide system improvement efforts. Other areas of focus are implementation of a standardized risk assessment tool and permanency and transition planning for foster youth.

There are a number of key distinctions between DR and a traditional child welfare response:

- An additional option of early intervention for families who do not meet legal definitions of abuse and neglect, but clearly are at high risk of abuse or neglect in the future.
- A shift in focus to providing more voluntary services to prevent further penetration into the child welfare system.
- Expanded community partnerships and enhanced roles for community-based organizations.

Although there is some variation across California counties with respect to the criteria for assigning

families to DR paths, most counties implementing DR are in alignment with the California Department of Social Services path definition:\*

**Path #1: Community Response.** This path is chosen when allegations do not meet statutory definitions of abuse or neglect, yet there are indications that a family is experiencing problems that could be addressed by community services. Under California's traditional child welfare system, more than one-third of all cases are re-referrals from the previous year, indicating that there are continued challenges facing these families and their children. With DR, these families are linked to services in the community through expanded partnerships with local organizations.

**Path #2: Child Welfare Services and Community Response.** This path is chosen when reports meet statutory definitions of abuse and neglect, and assessments indicate that with targeted services a family is likely to make needed improvements to improve child safety. Assessments determine a child's risk as low to moderate. In this situation, families work with representatives of county child welfare agencies, other county agencies and community based organizations to identify their risks and strengths and to participate in services for improving child and family well-being. The focus of this path is on a family's willingness to make needed improvements. If a family situation deteriorates and a child's safety is in danger, child welfare officials intervene as needed.

\*Excerpted from "Improving the lives of California's Children and Families, Differential Response in California", a joint California Department of Social Services/Foundation Consortium/Child Welfare Director's Association publication, July 28, 2005.

**Path #3: Child Welfare Services Response.** This path is most similar to the child welfare system's traditional response and, like Path #2, is chosen when reports meet statutory definitions of abuse and neglect. This is the path chosen when children are not safe and includes situations where the risk is moderate to high for continued abuse or neglect. Actions may be taken with or without the family's consent, court orders may be involved and criminal charges may be filed. With DR, social workers seek to engage families more fully and work with other county agencies to provide focused services so that there is the best possible opportunity to make needed improvements.

As part of the agency's internal child welfare redesign efforts, Santa Clara County's Social Service Agency (SSA) has been providing opportunities for diversion and voluntary services for a number of years. SSA formally implemented an expanded DR program in 2006. In addition to the three standard DR paths, Santa Clara is in the process of developing a fourth path to provide aftercare services for families who have reunified with their children.

### The Differential Response Funding Dilemma

Funding DR presents challenges since the child welfare funding system is primarily designed to support out of home placement and very little funding is allocated for prevention activities. There are no designated state and federal funding streams for DR, and counties have had to be resourceful and creative in their efforts to leverage various funding streams. Many counties have secured private funding to support DR efforts; however, private funders primarily fund pilot programs, not ongoing operational costs.

Santa Clara County, like other counties, is faced with the challenging task of securing funding to sustain current efforts and develop the capacity for expansion. Santa Clara County is particularly interested in exploring utilization of new funding streams because private funding comprises a significant proportion of Santa Clara's DR budget, and this funding is currently set to expire in Fiscal Year (FY) 2008.

### Scope

The scope of this review is limited to DR funding for Path 1 and Path 2 in FY07. Since Path 3 represents the traditional child welfare response, funding for Path 3 was not included in the analysis. Eight counties were surveyed: Alameda, Contra Costa, Monterey, Humboldt, Placer, San Francisco, San Mateo, and Santa Cruz. All counties chosen are Bay Area Social Services Consortium counties with two exceptions. Placer and Humboldt counties were surveyed to ensure the inclusion of rural county perspectives.

### Findings

#### FUNDING SOURCES UTILIZED

*It should be noted that discussion of funding sources is primarily confined to funding designated specifically to support DR. Most jurisdictions provide in-kind support for DR efforts with existing staff positions and other internal funding and resources.*

**Child Welfare Services Outcome Improvement Project Funds (CWSOIP).** At a total of \$3,256,099 for FY07, CWSOIP is overall the most significant revenue source for counties surveyed. CWSOIP funds have been appropriated by CDSS on an annual basis since FY06. They are available to counties through a competitive application process for program improvements in the areas of safety, permanency and well-being as identified in System Improvement Plans, Self-Assessments or Peer Quality Case Reviews.

The total state CWSOIP appropriation was \$10,792,000 in FY07 and will remain stable in FY08. Six of the eight counties surveyed, Contra Costa, Humboldt, Monterey, San Francisco, San Mateo and Santa Cruz, received CWSOIP funds in FY07. CWSOIP was the sole funding source for both Monterey and San Francisco counties in FY07.

**Child Welfare Services Improvement Pilot Allocation.** At a total of \$3,171,960 for FY07, Child Welfare Services Pilot funds are the second most significant overall revenue source in counties surveyed. Pilot funds have been appropriated by CDSS on an annual basis since FY04. Funding is limited to 11 designated pilot counties. These counties applied and

were selected as pilots or learning labs for targeted child welfare improvements. Four of the eight counties surveyed, Contra Costa, Humboldt, Placer and San Mateo are pilot counties. The total appropriation for all 11 pilot counties in FY07 was \$13,745,000, a modest 7% decline from the \$14,845,000 appropriated in FY06. The planned state appropriation for FY08 remains at FY07 levels. Although pilot funds also support standardized risk assessment and youth permanency and transition efforts, counties surveyed utilized this funding source primarily, if not exclusively, for DR.

**First 5 Funding.** At, \$1,450,000 for FY07, First 5 is a very significant revenue source for the counties surveyed. First 5 is funded by Proposition 10, the tobacco tax, and funds are appropriated by local First 5 Commissions. First 5's mission is to support the healthy development of children, prenatal to five. Two of the eight counties surveyed, Alameda County and Santa Cruz County, receive First 5 funding. In addition to its financial contributions, First 5 has also played an important role in the provision of services and expertise to support DR efforts.

**Promoting Safe and Stable Families.** At \$348,605 for FY07, Promoting Safe and Stable Families (PSSF) is a significant revenue source for two of the counties surveyed. PSSF dollars come from Title IV-B funds, which are appropriated by CDSS on an annual basis to all child welfare agencies. Title IV-B funds can be used to provide services and, for many counties, are the primary source of funding for prevention efforts. Three of the eight counties surveyed, Contra Costa, Placer and Santa Cruz, utilized part of their PSSF allocation to support DR. Local PSSF allocations decreased slightly in FY07 and are anticipated to further decline in FY08. In addition, the allocation methodology for PSSF is in the process of revision and, depending on the formula chosen, may result in significant changes to allocations for some counties in the future.

**Child Abuse Prevention, Intervention and Treatment Funds (CAPIT).** At \$75,000 for FY07, CAPIT funds are a modest source of revenue for one county surveyed. CAPIT funds are appropriated by CDSS

on an on-going annual basis for child abuse prevention activities and are most frequently given to local Child Abuse Councils for distribution.

Typically, Child Abuse Councils limit funding to non-profit agencies; however, community-based organizations contracted to provide DR services can apply for CAPIT funds. Santa Cruz County secured CAPIT funds in FY07. Like PSSF funds, the allocation methodology for PSSF is in the process of revision and depending on the formula chosen, may result in significant changes in allocations for some counties in the future.

**Maternal and Child Health Funding (MCH).** At \$90,000 for FY07, MCH funds were a modest source of revenue for one county surveyed. MCH funds are appropriated by the California Department of Health Services to county public health departments. Santa Cruz County worked with its local public health department to secure MCH funds in FY07 to support nursing positions.

Lucile Packard Foundation for Children's Health. At \$80,000 for FY07, Packard funds are a modest source of revenue for one county surveyed. Packard funds are private funds. The foundation's mission is to support the physical, mental, emotional and behavioral health of children and their emphasis is on children ages zero to five and focuses on the prevention of abuse and neglect. San Mateo County secured Packard funds in FY06 as well as FY07.

#### *Other Revenue Sources*

Several counties are utilizing funding from their general child welfare allocation to support DR efforts. A significant number of counties leverage Medi-Cal/ EPSDT funding. Santa Cruz County also utilized \$15,000 in Children's Trust Fund revenues and had access to \$12,641 from an agency Medi-Cal Administrative Activities (MAA) trust fund. Santa Cruz does not have ongoing MAA revenue, but has previously claimed for Public Guardian activities associated with Medi-Cal outreach.

**County General Fund Revenue.** As previously stated, all counties support DR through in-kind contributions, using internal staff positions and

other resources; however, no counties were given general fund revenue specifically designated for DR in FY07.

### **Sustainability Planning**

Sustainability planning and obtaining funds necessary for expansion present challenges for many of the counties surveyed. A number of the counties have private funding that is expiring or will soon expire. Because pilot allocations and CWSOIP funding are primary revenue sources and are continuing at or close to current levels in FY08, many counties will have stable funding, assuming they are refunded at current levels. Most agencies utilizing PSSF funding are planning to continue to utilize it as a revenue source, although allocations are anticipated to decline slightly in FY08 and proposed changes in methodology may impact their allocations in the future.

A number of agencies are planning to rely more heavily on their internal resources. Alameda County will be funding all three DR sites next year through agency funds. Alameda County will also be participating in California's Title IV-E Waiver Capped Allocation Project, so will have more flexibility to utilize resources at the front end for prevention. San Francisco will receive a significant amount of General Fund revenue next fiscal year to create a unit that will be specifically dedicated to DR and other child welfare system improvements.

Monterey County will be receiving a significant amount of assistance from their Mental Health Department in the way of Proposition 63 funds and a SAMSHA grant. San Mateo County is working with their Child Abuse Council to obtain resources for direct services for DR families and is applying collaboratively with community-based organizations for transportation funding.

### **Keys to Success**

Counties surveyed are committed to systemic change and have been creative and resourceful in securing funding to implement DR efforts despite the lack of access to designated funding streams. The need to look externally to secure sufficient resources

has also resulted in greater collaboration between child welfare agencies, funders and community partners, and has extended beyond DR to other child abuse prevention activities. The overall key to success has been in building partnerships. More specific keys to success include the following:

- Engaging the community at the beginning of the planning process,
- Obtaining the support of elected officials,
- Partnering with funders and drawing on their expertise to identify other funding sources and/or to obtain support for DR from other funded agencies,
- Partnering with other governmental agencies such as Mental Health and Public Health, for both revenue and services for DR,
- Partnering with non-profit family resource centers and other community-based organizations for assistance in providing services and filling service gaps,
- Partnering with local child abuse councils, who have access to CAPIT and other funding streams,
- Partnering with First 5 commissions that focus on child abuse and neglect for both revenue and services,
- Engaging in capacity-building for local community-based organizations, educating them about leveraging funding, obtaining funding and other resources and providing in-depth technical assistance for sustainability.
- Leveraging of Medi-Cal/EPSDT and other funding streams, and
- Accessing funder databases, such as the Foundation Center.

### **Challenges and Limitations**

Despite successes in obtaining funding for implementation, only one county surveyed has been able to obtain sufficient resources to serve all eligible families. San Mateo's DR program expanded county-wide in July 2006. Other counties must limit services to specific geographic areas, by age, risk factors, DR paths or a combination of the preceding factors.

Some counties, such as San Mateo, maximize the number of families served by providing case management for a shorter time period, while others provide services for as long as 12 months.

In addition, while a number of counties have been able to provide comprehensive service packages, many require additional funding to address service gaps that are critical to ensuring successful outcomes for families. These include funding for mental health, domestic violence, drug and alcohol services, transportation, and, in particular, housing and other basic needs. Specific challenges and limitations include the following:

- Pilot funding is a substantial revenue source for DR for the 11 pilot counties, but is not available on a statewide basis.
- Since CWSOIP funding is allocated annually on a competitive basis, it is difficult to hire staff and engage in long-term planning.
- PSSF funding is one of few ongoing funding streams that can be utilized for child abuse prevention. However, reliance on PSSF funds to support DR requires that funding be diverted from other prevention efforts. In addition, at most, only 60% of PSSF allocations can be utilized for Path 1 and 2 services; 40% must be targeted for family reunification and adoption support.
- First 5 revenues are in decline and their capacity to support DR efforts in the future is in question. The current focus of First 5's efforts in a number of counties is early learning.
- Private funders typically prefer to fund pilot projects and cannot be considered an ongoing source of funds for operational costs. In addition, services may need to be restricted to the funders' target populations and for activities in support of the funders' missions, which may or may not be entirely in alignment with the goals of DR.
- Other governmental agencies and many community-based organizations are experiencing reductions in funding, and as a result have fewer resources available to assist in supporting DR efforts.

## Implications for Santa Clara County

DR is currently funded in Santa Clara County by a combination of Promoting Safe and Stable Families, First 5, Lucile Packard and Child Welfare Systems Outcome Improvement Funding. In FY07, Santa Clara utilized \$393,501 from the PSSF allocation for community-based case managers, \$300,000 from First 5 to fund the DR coordinator position and community engagement specialists, \$118,000 in CWSOIP funds for therapy services and case management, and \$64,000 from the Lucile Packard Foundation for infrastructure costs and specialized client services. Client services funding is designed to address issues that are barriers to the family's ability to focus on case plan goals and is used to assist with transportation, utility bills and other basic needs, therapy co-pays, tools and uniforms for employment. In addition, \$650,000 of general fund revenue is designated to fund Family Strength-Based Services, a Path 2 response that was implemented several years prior to the DR pilot.

In addition to providing funding, First 5 provides case management services for Path 1 and services for Path 2 temporarily. Additionally, First 5 will provide case management services for Path 4 when that path has been fully developed.

Santa Clara has adequate resources to sustain current efforts through FY08; however, DR efforts have been limited to six target zip codes and for families with at least one child, prenatal to five, for Path 1. Because the number of referrals has been lower than anticipated, the zip code criteria for Path 1 have been expanded and referrals are temporarily countywide. Once caseloads build, referrals will again be limited to target zip codes.

## Recommendations

Both First 5 and Packard funding will expire in FY08. It will be necessary to secure additional sources of funding to sustain current efforts, expand services, and offer a more comprehensive set of services as additional service gaps are identified.

Due to a countywide budget deficit, SSA has a substantial budget reduction target for FY08, and

it is unlikely that additional general fund revenue to support DR could be secured. The Public Health Department has a substantial budget reduction target as well and will be discontinuing many services to Path 3 children, so it is unlikely that support for Path 1 and 2 could be secured. SSA has assessed the fiscal impact of participating in the Title IV-E Waiver and opted not to be included because it was projected that participation would result in a substantial loss of revenue.

The following strategies are recommended:

- Develop a cost-benefit analysis to increase the probability of obtaining general fund and other revenue in the future. Continue with and expand collection of outcome data to support funding requests.
- Approach the Child Abuse Council (CAC) to obtain support for DR in the next CAPIT funding cycle. The local CAC limits distribution of CAPIT funding in Santa Clara County to non-profit agencies; however, an RFP (request for proposals) to community-based organizations for DR services could be generated.
- Work with the agency's grant writer to identify additional private funding sources. Focus on Path 4 since it is unique to Santa Clara County and will increase the probability of obtaining funding. Consider collaborative applications with community partners and/or other governmental agencies to widen the pool of available funding.
- Seek assistance from current funders in identifying additional funding sources, strategies and key contacts.
- Support and provide technical assistance to assist community-based organizations providing DR services in securing additional funding.
- Assess the probability for enhanced leveraging of Medi-Cal/EPSTD and other funding sources.
- Meet with the Mental Health Department to identify services they have available to support DR efforts. Determine if participants can be given priority status for services.
- Discuss funding possibilities with the local United Way. This agency has contracts with a number of agencies who could assist in filling service gaps.
- Involve faith-based communities in DR planning efforts.
- Attempt to secure more flexible funding for families. Flexible funding has been critical in engaging families and eliminating barriers to full participation in service plans.
- Reapply for First 5 funding when current funding expires.
- Continue to reapply for CWSOIP funding on an annual basis.
- Continue to utilize PSSF Family Support and Family Preservation funds and consider increasing funding ratios.
- Consider re-applying to Lucile Packard when current funding expires; however, because Packard practice is to fund one project per agency, first assess funding needs for other agency projects.
- Continue to participate in Proposition 63 planning efforts and attempt to secure resources to support DR.

Finally, the county should continue to participate in the Child Welfare Director's Association IV-E community-based organizations workgroup. This workgroup is assessing the potential for drawing down Title IV-E funds for administrative costs for community-based organizations. Federal Financial Participation for Path 1 has been ruled out since Path 1 families clearly don't meet the definitions of foster care candidacy. Although it has been determined that some Path 2 families may meet candidacy definitions, there is a prohibition in Division 31 regulations against contracting out case management. If claiming scenarios are developed, attempt to develop pilot with Gardner Family Care Family Strengths Based Services. This program serves the highest level Path 2 families, those on whom a petition could be filed, so it has the highest probability of success. If this program is successful, and withstands an audit, it is recommended that pilots be implemented with Gardner's Expanded Differential Response and Alum Rock Counseling Services.

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