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CHILD AND FAMILY SERVICES REVIEWS

States and HHS Face Challenges in Assessing and Improving State Performance

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Highlights of GAO-04-781T, a testimony before the Subcommittee on Human Resources, Committee on Ways and Means, House of Representative

Why GAO Did This Study

In 2001, the Department of Health and Human Services' (HHS) Administration for Children and Families (ACF) implemented the Child and Family Services Reviews (CFSR) to increase states' accountability. The CFSR uses states' data profiles and statewide assessments, as well as interviews and an on-site case review, to measure state performance on 14 outcomes and systemic factors, including child well-being and the provision of caseworker training. The CFSR also requires progress on a program improvement plan (PIP); otherwise ACF may apply financial penalties. This testimony is based on our April 2004 report and addresses (1) ACF's and the states' experiences preparing for and conducting the statewide assessments and on-site reviews; (2) ACF's and the states' experiences developing, funding, and implementing items in PIPs; and (3) any additional efforts that ACF has taken beyond the CFSR to improve state performance. For the April 2004 report, we surveyed all 50 states, the District of Columbia, and Puerto Rico regarding their experiences throughout the CFSR process, visited 5 states to obtain first-hand information, and conducted a content analysis of all 31 available PIPs as of January 1, 2004. We also interviewed HHS officials—including those in all 10 regional offices—and key child welfare experts.

www.gao.gov/cgi-bin/getrpt?GAO-04-781T.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Corneila Ashby at (202) 512-8403 or ashbyc@gao.gov.

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States and HHS Face Challenges in Assessing and Improving State Performance

What GAO Found

ACF and many state officials perceive the CFSR as a valuable process and a substantial undertaking, but some data enhancements could improve its reliability. ACF staff in 8 of the 10 regions considered the CFSR a helpful tool to improve outcomes for children. Further, 26 of 36 states responding to a relevant question in our survey commented that they generally or completely agreed with the results of the final CFSR report, even though none of the 41 states with final CFSR reports released through 2003 has achieved substantial conformity on all 14 outcomes and systemic factors. Additionally, both ACF and the states have dedicated substantial financial and staff resources to the process. Nevertheless, several state officials and child welfare experts we interviewed questioned the accuracy of the data used in the review process. While ACF officials contend that stakeholder interviews and case reviews complement the data profiles, many state officials and experts reported that additional data from the statewide assessment could bolster the evaluation of state performance.

Program improvement planning is under way, but uncertainties have affected the development, funding, and implementation of state PIPs. Officials from 3 of the 5 states we visited said ACF's PIP-related instructions were unclear, and at least 9 states reported in our survey that challenges to implementing their plans include insufficient funding, staff, and time. While ACF has provided some guidance, ACF and state officials remain uncertain about PIP monitoring efforts and how ACF will apply financial penalties if states fail to achieve their stated PIP objectives.

Since 2001, ACF's focus has been almost exclusively on the CFSRs and regional staff report limitations in providing assistance to states in helping them to meet key federal goals. While staff from half of ACF's regions told us they would like to provide more targeted assistance to states, and state officials in all 5 of the states we visited said that ACF's existing technical assistance efforts could be improved, ACF officials acknowledged that regional staff might still be adjusting to the new way ACF oversees child welfare programs.

In the April 2004 report, we recommended that the Secretary of HHS ensure that ACF uses the best available data to measure state performance. We also recommended that the Secretary clarify PIP guidance and provide guidance to regional officials on how to better integrate their many oversight responsibilities. In commenting on a draft of the April 2004 report, HHS acknowledged that the CFSR is a new process that continues to evolve, and noted several steps it has taken to address the data quality concerns we raised in that report.

Mr. Chairman and Members of the Subcommittee:

Thank you for inviting me here today to discuss states' efforts to comply with federal Child and Family Services Reviews (CFSR). As you are aware, in 2001, the Department of Health and Human Services' (HHS) Administration for Children and Families' (ACF) began implementing the CFSRs to hold states accountable for improving child welfare outcomes. Unlike prior federal reviews—which determined states' adherence to certain process measures—ACF designed the CFSR as an outcome-oriented approach to assess children's safety; their timely placement in permanent homes; and their mental, physical, and educational well-being; and it developed certain standards against which to measure states' success in these areas.¹ ACF also designed the reviews to assess states' performance across a range of systemic factors, such as caseworker training and foster parent licensing. The CFSR has multiple phases, consisting of a statewide assessment; an on-site review, which culminates in the release of a final report; and the development and implementation of a program improvement plan (PIP) when states are found to be deficient. Pursuant to CFSR regulations, ACF can withhold federal funds if states do not show adequate progress implementing their PIPs.

My testimony today will focus on three key issues: (1) ACF's and the states' experiences preparing for and conducting the statewide assessments and on-site reviews; (2) ACF's and the states' experiences developing, funding, and implementing items in their PIPs; and (3) additional efforts, if any, that ACF has taken beyond the CFSR to help ensure that all states meet federal goals of safety, permanency, and well-being for children. My comments are based on the findings from our April

¹The CFSR measures state performance on 45 performance items, which correspond to 7 outcomes and 7 systemic factors. The outcomes relate to children's safety, permanency, and well-being, and the systemic factors address state agency management and responsiveness to the community. Six national standards, as reported in the Adoption and Foster Care Analysis and Reporting System (AFCARS) and the National Child Abuse and Neglect Data System (NCANDS), apply to 5 of the 45 items. Three of these standards are based on the 75th percentile of all states' performance—adoption; stability of foster care placements; and length of time to achieve reunification, guardianship, or permanent placement with relatives—because a higher incidence is desirable. However, the remaining three standards—recurrence of maltreatment, incidence of child abuse/neglect in foster care, and foster care re-entries—are based on the 25th percentile of state performance because lower incidence is a desired outcome for these measures.

2004 report.² Those findings were based on a survey of all 50 states, the District of Columbia, and Puerto Rico regarding their experiences during each phase of the CFSR process;³ post-survey follow up phone calls with key states;⁴ and site visits to California, Florida, New York, Oklahoma, and Wyoming to obtain first-hand information on states' experiences. We selected these states for diversity in their location, size, program administration, performance on the CFSR, and the timing of their review. We also examined all 31 approved PIPs available as of January 1, 2004, and conducted interviews with ACF's senior officials, regional staff from all 10 regions, ACF contractors, staff from all 10 national resource centers,⁵ and key child welfare experts. We conducted our work between May 2003 and February 2004 in accordance with generally accepted government auditing standards.

In summary, ACF and many state officials perceive the CFSR as a valuable process and a substantial undertaking, but some data enhancements could improve its reliability. ACF staff in 8 of the 10 regions considered the CFSR a helpful tool to improve outcomes for children, and 26 of 36 states responding to a relevant question in our survey commented that they generally or completely agreed with the results of the final CFSR report, even though none of the 41 states with final CFSR reports released through 2003 has achieved substantial conformity on all CFSR outcomes and systemic factors. Additionally, both ACF and the states have dedicated substantial financial and staff resources to the process. Nevertheless, several state officials and child welfare experts we interviewed questioned the accuracy of the data used in the review process and noted that

²U.S. General Accounting Office, *Child and Family Services Reviews: Better Use of Data and Improved Guidance Could Enhance HHS's Oversight of State Performance* (GAO-04-333, April 20, 2004).

³We achieved a 98 percent response rate from this survey; Puerto Rico was the only non-respondent.

⁴The 10 states participating in our phone follow-up surveys were Arkansas, Iowa, Kansas, Mississippi, North Dakota, New Jersey, Pennsylvania, Rhode Island, Utah, and West Virginia.

⁵ACF has established cooperative agreements with 10 national resource centers to help states implement federal legislation intended to ensure the safety, permanency, and well-being of children and families. ACF sets the resource centers' areas of focus, and although each center has a different area of expertise, such as organizational improvement or information technology, all of them conduct needs assessments, sponsor national conference calls with states, collaborate with other resource centers and agencies, and provide on-site training and technical assistance to states.

additional data from the statewide assessment could bolster the evaluation of state performance. While states' PIP planning is under way, uncertainties have affected the development, funding, and implementation of these plans. Officials from 3 of the 5 states we visited said ACF's PIP-related instructions were unclear, and at least 9 of the 25 states reporting on PIP implementation in our survey stated that insufficient funding, staff, and time, as well as high caseloads, were among the greatest challenges. While ACF has provided some guidance, ACF and state officials remain uncertain about PIP monitoring efforts and how ACF will apply financial penalties if states fail to achieve their stated PIP objectives. Further, since 2001, ACF's focus has been almost exclusively on the CFSRs and regional staff report limitations in providing assistance to states in helping them to meet key federal goals. To improve its oversight, we recommended in our April 2004 report that the Secretary of HHS ensure that ACF use the best available data to measure state performance, clarify PIP guidance, and help regional offices better integrate their oversight responsibilities.

Background

ACF's Children's Bureau administers and oversees federal funding to states for child welfare services under Titles IV-B and IV-E of the Social Security Act, and states and counties provide these child welfare services, either directly or indirectly through contracts with private agencies.⁶ Among other activities, ACF staff are responsible for developing appropriate policies and procedures for states to follow to obtain and use federal child welfare funds, reviewing states' planning documents required by Title IV-B, conducting states' data system reviews, assessing states' use of Title IV-E funds, and providing technical assistance to states through all phases of the CFSR process. In addition, ACF staff coordinate the work of the 10 resource centers to provide additional support and assistance to the states.

Spurred by the passage of the 1997 Adoption and Safe Families Act (ASFA), ACF launched the CFSR in 2001 to improve its existing monitoring efforts, which had once been criticized for focusing exclusively on states' compliance with regulations rather than on their performance over a full range of child welfare services. The CFSR process combines a

⁶Title IV-B of the Social Security Act, consisting of two subparts, is the primary source of federal funding for services to help families address problems that lead to child abuse and neglect and to prevent the unnecessary separation of children from their families. Funding under Title IV-E of the Social Security Act is used primarily to pay for the room and board of children in foster care.

statewide self-assessment, an on-site case file review that is coupled with stakeholder interviews,⁷ and the development and implementation of a 2-year PIP with performance benchmarks to measure progress in improving noted deficiencies. In assessing performance through the CFSR, ACF relies, in part, on its own data systems, known as NCANDS and AFCARS, which were designed prior to CFSR implementation to capture, report, and analyze the child welfare information collected by the states.⁸ Today, these systems provide the national data necessary for ACF to calculate national standards for key performance items against which all states are measured and to determine, in part, whether or not states are in substantial conformity on CFSR outcomes and systemic factors.⁹ Once ACF approves the PIP, states are required to submit quarterly progress reports. Pursuant to CFSR regulations, federal child welfare funds can be withheld if states do not show adequate PIP progress, but these penalties are suspended during the 2-year PIP implementation term.¹⁰

In preparation for the next round of CFSRs, ACF officials have formed a Consultation Work Group of ACF staff, child welfare administrators, data experts, and researchers who will propose recommendations on the CFSR measures and processes. The group's resulting proposals for change, if any, are not yet available.

⁷ The term stakeholder refers to two groups: (1) agency stakeholders, such as judges or advocates, whose responsibilities are closely related to the work of the child welfare agency and who can comment on the agency's overall performance on outcomes and systemic factors, and (2) case-specific stakeholders, such as parents, caseworkers, children, or others who are interviewed to provide first-hand information that supplements reviewers' assessment of paper or electronic case files.

⁸ States began voluntarily reporting to NCANDS in 1990, and in 1995 started reporting to AFCARS on the demographic characteristics of adoptive and foster children and their parents, as well as foster children's type of placement and permanency goals. We recently issued a report on states' child welfare information systems and the reliability of child welfare data. U.S. General Accounting Office, *Child Welfare: Most States Are Developing Statewide Information Systems, but the Reliability of Child Welfare Data Could Be Improved*, GAO-03-809 (Washington, D.C.: July 31, 2003).

⁹ States achieve substantial conformity on outcomes and systemic factors when at least 90 percent of applicable cases are substantially achieved; stakeholder interviews confirm that state plan and other program requirements are in place and functioning as described in the applicable regulations or statute; and performance on items with national standards, where applicable, meets the applicable threshold.

¹⁰ The formula for calculating penalties is based in part on each state's allocation of federal child welfare funds from Titles IV-B and IV-E and the number of outcomes and systemic factors for which substantial conformity has not been achieved.

The CFSR Is a Valuable Yet Substantial Undertaking, but Data Enhancements Could Improve Its Reliability

ACF and many state officials perceive the CFSR as a valuable process—highlighting many areas needing improvement—and a substantial undertaking, but some state officials and child welfare experts told us that data enhancements could improve its reliability. ACF staff in 8 of the 10 regions considered the CFSR a helpful tool to improve outcomes for children. Further, 26 of the 36 states responding to a relevant question in our survey commented that they generally or completely agreed with the results of the final CFSR report, even though none of the 41 states with final CFSR reports released through 2003 has achieved substantial conformity on all 14 outcomes and systemic factors. In addition, both ACF and the states have dedicated substantial financial and staff resources to the process. However, several state officials and child welfare experts we interviewed questioned the accuracy of the data used to compile state profiles and establish the national standards. While ACF officials in the central office contend that stakeholder interviews and case reviews compliment the data profiles, many state officials and experts reported that additional data from the statewide assessment could bolster the evaluation of state performance.

The CFSR Is a Valuable Process for ACF and the States

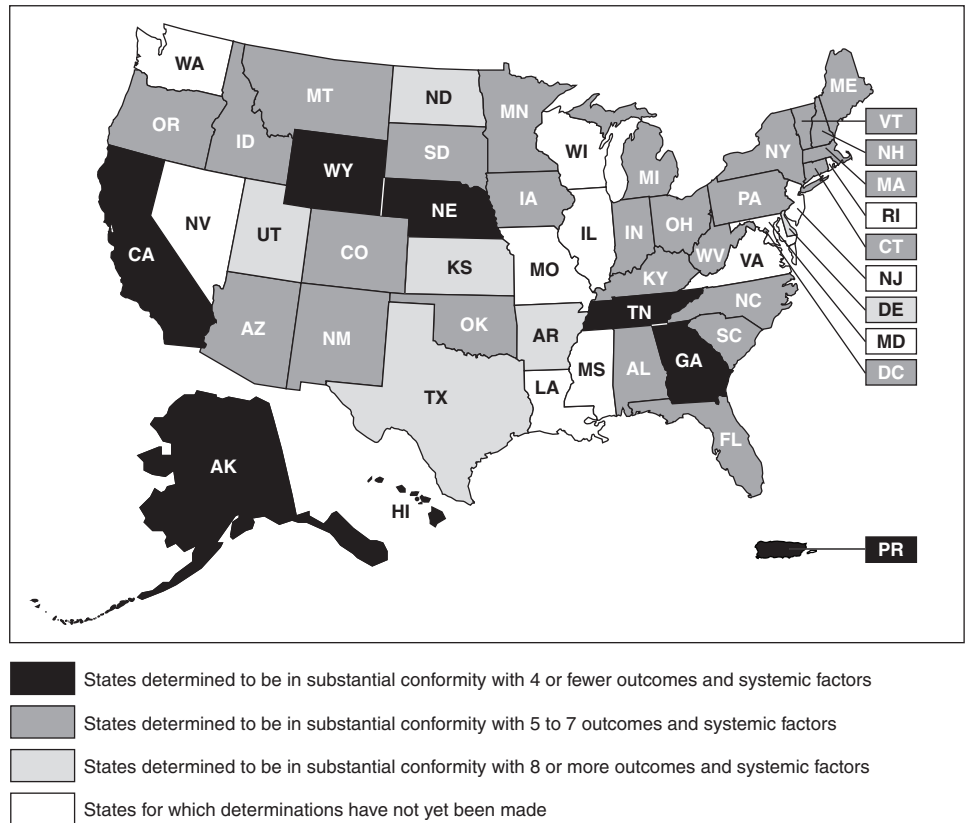
ACF and state officials support the objectives of the review, especially in focusing on children’s outcomes and strengthening relationships with stakeholders, and told us they perceive the process as valuable. For example, ACF officials from 8 regional offices noted that the CFSRs were more intensive and more comprehensive than the other types of reviews they had conducted in the past, creating a valuable tool for regional officials to monitor states’ performance. In addition, state officials from every state we visited told us that the CFSR process helped to improve collaboration with community stakeholders. Furthermore, state staff from 4 of the 5 states we visited told us the CFSR led to increased public and legislative attention to critical issues in child welfare. For example, caseworkers in Wyoming told us that without the CFSR they doubted whether their state agency’s administration would have focused on needed reforms. They added that the agency used the CFSR findings to request legislative support for the hiring of additional caseworkers.

Along with the value associated with improved stakeholder relations, the ACF officials we talked to and many state officials reported that the process has been helpful in highlighting the outcomes and systemic factors, as well as other key performance items that need improvement. According to our survey, 26 of the 36 states that commented on the findings of the final CFSR report indicated that they generally or completely agreed with the findings, even though performance across the

states was low in certain key outcomes and performance items. For example, not one of the 41 states with final reports released through 2003 was found to be in substantial conformity with either the outcome measure that assesses the permanency and stability of children's living situations or with the outcome measure that assesses whether states had enhanced families' capacity to provide for their children's needs. Moreover, across all 14 outcomes and systemic factors, state performance ranged from achieving substantial conformity on as few as 2 outcomes and systemic factors to as many as 9.¹¹ As figure 1 illustrates, the majority of states were determined to be in substantial conformity with half or fewer of the 14 outcomes and systemic factors assessed.

¹¹California and Puerto Rico were determined to be in substantial conformity on 2 outcomes and systemic factors, while North Dakota achieved substantial conformity on 9.

Figure 1: State Performance on the 14 CFSR Outcomes and Systemic Factors



Source: GAO analysis of final reports released through December 31, 2003.

States' performance on the outcomes related to safety, permanency, and well-being—as well as the systemic factors—is determined by their performance on an array of items, such as establishing permanency goals, ensuring worker visits with parents and children, and providing accessible services to families. The CFSR showed that many states need improvement in the same areas. For example, across all 41 states reviewed through 2003, the 10 items most frequently rated as needing improvement included assessing the needs and services of children, parents, and foster parents (40 states); assessing the mental health of children (37 states); and establishing the most appropriate permanency goal for the child (36 states).

ACF and the States Report That Reviews Have Been a Substantial Undertaking

Given the value that ACF and the states have assigned to the CFSR process, both have spent substantial financial resources and staff time to prepare for and implement the reviews. In fiscal years 2001-03, when most reviews were scheduled, ACF budgeted an additional \$300,000 annually for CFSR-related travel. In fiscal year 2004, when fewer reviews were scheduled, ACF budgeted about \$225,000. To further enhance its capacity to conduct the reviews, and to obtain additional logistical and technical assistance, ACF spent approximately \$6.6 million annually to hire contractors. Specifically, ACF has let three contracts to assist with CFSR-related activities, including training reviewers to conduct the on-site reviews, tracking final reports and PIP documents, and, as of 2002, writing the CFSR final reports. Additionally, ACF hired 22 new staff to build central and regional office capacity and dedicated 4 full-time staff and 2 state government staff temporarily on assignment with ACF to assist with the CFSR process. To build a core group of staff with CFSR expertise, ACF created the National Review Team, composed of central and regional office staff with additional training in and experience with the review process. In addition, to provide more technical assistance to the states, ACF reordered the priorities of the national resource centers to focus their efforts primarily on helping states with the review process.

Like ACF, states also spent financial resources on the review. While some states did not track CFSR expenses—such as staff salaries, training, or administrative costs—of the 25 states that reported such information in our survey, the median expense to date was \$60,550, although states reported spending as little as \$1,092 and as much as \$1,000,000 on the CFSR process.¹² Although ACF officials told us that states can use Title IV-E funds to pay for some of their CFSR expenses, only one state official addressed the use of these funds in our survey, commenting that it was not until after the on-site review occurred that the state learned these funds could have been used to offset states' expenses. States also reported that they dedicated staff time to prepare for the statewide assessment and to conduct the on-site review, which sometimes had a negative impact on some staffs' regular duties. According to our survey, 45 states reported

¹²These values are state-reported and reflect officials' estimates of costs associated with all CFSR-related activities except those incurred during PIP implementation. In reporting on their expenses, states were instructed to include the value of training, travel, infrastructure, technology, food, administrative supplies, and any other expenses associated with the CFSR process. States were also asked to provide supporting documentation for this particular question, but most states were unable to provide documentation. Many states reported that they did not track CFSR-related expenses. The 25 states that did provide estimates were in different phases of the CFSR.

dedicating up to 200 full-time staff equivalents (FTE), with an average of 47 FTEs, to the statewide assessment process.¹³ Similarly, 42 states responded that they dedicated between 3 and 130 FTEs, with an average of 45 FTEs, to the on-site review process. For some caseworkers, dedicating time to the CFSR meant that they were unable or limited in their ability to manage their typical workload. For example, Wyoming caseworkers whose case files were selected for the on-site review told us that they needed to be available to answer reviewers' questions all day every day during the on-site review, which they said prevented them from conducting necessary child abuse investigations or home visits. Child welfare-related stakeholders—such as judges, lawyers, and foster parents—also contributed time to the CFSR.

States and Child Welfare Experts Report That Several Data Improvements Could Enhance CFSR Reliability

State officials in the 5 states we visited, as well as child welfare experts, reported on several data improvements that could enhance the reliability of CFSR findings. In particular, they highlighted inaccuracies with the AFCARS and NCANDS data that are used for establishing the national standards and creating the statewide data profiles, which are then used to determine if states are in substantial conformity. These concerns echoed the findings of a prior GAO study on the reliability of these data sources, which found that states are concerned that the national standards used in the CFSR are based on unreliable information and should not be used as a basis for comparison and potential financial penalty.¹⁴ Furthermore, many states needed to resubmit their statewide data after finding errors in the data profiles ACF would have used to measure compliance with the national standards.¹⁵ According to our national survey, of the 37 states that reported on resubmitting data for the statewide data profile, 23 needed to resubmit their statewide data at least once, with one state needing to resubmit as many as five times to accurately reflect revised data. Four states reported in our survey that they did not resubmit their data profiles

¹³The number of FTEs participating in each phase of the CFSR is state-reported. While states were not given specific instructions for how to calculate FTEs, they were asked to report only on the phases of the CFSR that they had started or completed. Therefore, states' responses varied depending on the phase of the CFSR process they were in and the methods they used to calculate FTEs.

¹⁴GAO-03-809.

¹⁵ACF provides states with their statewide data about 6 months prior to the on-site review, during which time states are allowed to make corrections to the data and resubmit the updated data so it can be used when determining state conformity with CFSR measures.

because they did not know they had this option or they did not have enough time to resubmit before the review.

In addition to expressing these data concerns, child welfare experts as well as officials in all of the states we visited commented that existing practices that benefit children might conflict with actions needed to attain the national standards. For example, officials in New York said that they recently implemented an initiative to facilitate adoptions. Because these efforts focus on the backlog of children who have been in foster care for several years, New York officials predict that their performance on the national standard for adoption will be lower since many of the children in the initiative have already been in care for more than 2 years. Experts and officials from multiple states also commented that they believe the on-site review case sample of 50 cases is too small to provide an accurate picture of statewide performance, although ACF officials stated that the case sampling is supplemented with additional information.¹⁶ For example, Oklahoma officials we visited commented that they felt the case sample size was too small, especially since they annually assess more than 800 of their own cases—using a procedure that models the federal CFSR—and obtain higher performance results than the state received on its CFSR. Furthermore, because not every case in the states' sample is applicable to each item measured in the on-site review, we found that sometimes as few as 1 or 2 cases were being used to evaluate states' performance on an item. For example, Wyoming had only 2 on-site review cases applicable for the item measuring the length of time to achieve a permanency goal of adoption, but for 1 of these cases, reviewers determined that appropriate and timely efforts had not been taken to achieve finalized adoptions within 24 months, resulting in the item being assigned a rating of area needing improvement.¹⁷ While ACF officials acknowledged the insufficiency of the

¹⁶According to our calculations—which assumed that the attribute of interest occurred in about 50 percent of the cases—a sample size of 50 would produce percentage estimates with a 95 percent margin of error of approximately plus or minus 14 percentage points. This level of variability is a limitation when attempting to interpret estimates based on this sample size.

¹⁷Because 1 of the 2 cases applicable to the adoption measure was assigned a rating of area needing improvement, 50 percent of the cases for this item were assigned a rating of area needing improvement. As a result, the item was given an overall rating of area needing improvement since both cases would have needed to be assigned a rating of strength for this item to meet the 85 percent threshold necessary to assign an overall rating of strength.

sample size,¹⁸ they contend that the case sampling is augmented by stakeholder interviews for all items and applicable statewide data for the five CFSR items with corresponding national standards, therefore providing sufficient evidence for determining states' conformity.

All of the states we visited experienced discrepant findings between the aggregate data from the statewide assessment and the information obtained from the on-site review. We also found that in these 5 states, ACF had assigned an overall rating of area needing improvement for 10 of the 11 instances in which discrepancies occurred. ACF officials acknowledged the challenge of resolving data discrepancies, noting that such complications can delay the release of the final report and increase or decrease the number of items that states must address in their PIPs. While states have the opportunity to resolve discrepancies by submitting additional information explaining the discrepancy or by requesting an additional case review, only 1 state to date has decided to pursue the additional case review.¹⁹ Further, several state officials and experts also told us that additional data from the statewide assessments—or other data sources compiled by the states—could bolster the evaluation of states' performance, but they found this information to be missing or insufficiently used in the final reports. For example, child welfare experts and state officials from California and New York—who are using alternative data sources to AFCARS and NCANDS, such as longitudinal data that track children's placements over time—told us that the inclusion of this more detailed information would provide a more accurate picture of states' performance nationwide. An HHS official told us that alternative data are used only to assess state performance in situations in which a state does not have NCANDS data, since states are not mandated to have these systems.

¹⁸An ACF statistician also confirmed that the CFSR sample is too small to generalize to the states' populations and that the three sites, from which cases are selected, also are not representative.

¹⁹Virginia requested an additional case review to resolve a discrepancy between the statewide data and on-site review findings for the item measuring the state's performance on foster care re-entries. According to an ACF regional official, the state met the national standard for this item but the case review findings showed the state did not meet the threshold for this measure. At the time of publication of our April 2004 report, ACF and the state were still finalizing plans to conduct the additional case review, and until the review is completed, the state cannot receive its final report.

Given their concerns with the data used in the review process, state officials in 4 of the 5 states believed that the threshold for achieving substantial conformity was difficult to achieve. While an ACF official told us that different thresholds for the national standards had been considered, ACF policy makers ultimately concluded that a threshold at the 75th percentile of the nationwide data would be used. ACF officials recognize that they have set a high standard. However, they believe it is attainable and supportive of their overall approach to move states to the standard through continuous improvement.

Program Improvement Planning Under Way, but Uncertainties Challenge Plan Development, Implementation, and Monitoring

Forty-one states are engaged in program improvement planning, but many uncertainties, such as those related to federal guidance and monitoring and the availability of state resources, have affected the development, implementation, and funding of the PIPs. State PIPs include strategies such as revising or developing policies, training caseworkers, and engaging stakeholders, and ACF has issued regulations and guidance to help states develop and implement their plans. Nevertheless, states reported uncertainty about how to develop their PIPs and commented on the challenges they faced during implementation. For example, officials from 2 of the states we visited told us that ACF had rejected their PIPs before final approval, even though these officials said that the plans were based on examples of approved PIPs that regional officials had provided. Further, at least 9 of the 25 states responding to a question in our survey on PIP implementation indicated that insufficient time, funding, and staff, as well as high caseloads, were the greatest challenges they faced. As states progress in PIP implementation, some ACF officials expressed a need for more guidance on how to monitor state accomplishments, and both ACF and state officials were uncertain about how the estimated financial penalties would be applied if states fail to achieve the goals described in their plans.

State Plans Include a Variety of Strategies to Address Identified Weaknesses

State plans include a variety of strategies to address weaknesses identified in the CFSR review process. However, because most states had not completed PIP implementation by the time of our analysis, the extent to which states have improved outcomes for children has not been determined.²⁰ While state PIPs varied in their detail, design, and scope,

²⁰As we reported in our April 2004 report, only Delaware and North Carolina had completed the 2-year term of their PIPs, and ACF was still analyzing the states' progress and had not determined if there has been overall improvement or if ACF will apply financial penalties.

according to our analysis of 31 available PIPs, these state plans have focused to some extent on revising or developing policies; reviewing and reporting on agency performance; improving information systems; and engaging stakeholders such as courts, advocates, foster parents, private providers, or sister agencies in the public sector.²¹ Table 1 shows the number of states that included each of the six categories and subcategories of strategies we developed for the purposes of this study.

²¹Although 41 states were developing or implementing PIPs when our April 2004 report was published, we reviewed the 31 available PIPs that ACF had approved as of January 1, 2004.

Table 1: Number of States Including Each of the PIP Strategy Categories Used in This Study

PIP strategy category	Description (number of states that included the strategy in their PIP)
Policies and procedures	Review, modify, or develop/implement any policy, procedure or case practice standard (31) Enhance foster home/parent licensing standards (7) Develop child and family assessment tools, such as protocols for risk/safety determinations (28) Identify and adopt any promising practices (19)
Data collection and analysis	Review and report on agency performance through self-assessments or internal audits/review (31) Apply federal CFSR or similar process for internal statewide case reviews (16) Improve information and data collection systems (31)
Staff supports	Train and develop caseworkers (through dissemination and training on policy or through revisions to overall curriculum) (30) Assess and monitor staff responsibilities, skills, or performance (24) Recruit additional staff/retain staff (14) Lower caseloads (11) Increase caseworker pay (1)
Foster parent supports/services and resources for children and families	Train and develop foster families'/providers' skills and capacities (27) Recruit and retain foster families (22) Increase involvement of foster or birth families in case (18) Expand service array for children and families (includes developing or enhancing transportation systems to transport siblings and parents for visits, creating one-stop centers for assistance, modifying visitation services, and providing any additional support services) (27) Engage stakeholders such as courts, advocates, foster homes, private providers, or sister agencies in public sector, e.g., mental health (can include consultation, training, or formal partnering to improve services or placements) (31) Create or improve monitoring of contracts with private providers to enhance service delivery (includes development of performance based or outcome-based contracts or other evaluations of provider performance) (25)
State legislative supports	State request for legislative action to support any of the above strategies (20)
Federal technical assistance	State request technical assistance from ACF or any resource center to support any of the above strategies (27)

Source: GAO analysis.

Our analysis also showed that many states approached PIP development by building on state initiatives in place prior to the on-site review. Of the 42 surveyed states reporting in our survey on this topic, 30 said that their state identified strategies for the PIP by examining ongoing state initiatives. For example, local officials in New York City and state officials in California told us that state reform efforts—borne in part from legal settlements—have become the foundation for the PIP. State officials in California informed us that reform efforts initiated prior to the CFSR, such as implementing a new system for receiving and investigating reports of abuse and neglect and developing more early intervention programs, became integral elements in the PIP.

Insufficient Guidance Hampered State Planning Efforts, but ACF Has Taken Steps to Clarify Expectations and Improve Technical Assistance

ACF has provided states with regulations and guidance to facilitate PIP development, but some states believe the requirements have been unclear. For example, several states commented in our survey that multiple aspects of the PIP approval process were unclear, such as how much detail and specificity the agency expects the plan to include; what type of feedback states could expect to receive; when states could expect to receive such feedback; and whether a specific format was required. Officials in the states we visited echoed survey respondents' concerns with officials from 3 of the 5 states informing us that ACF had given states different instructions regarding acceptable PIP format and content. For example, California and Florida officials told us that their program improvement plans had been rejected prior to final approval, even though they were based on examples of approved plans that regional officials had provided. In addition, California officials told us that they did not originally know how much detail the regional office expected in the PIP and believed that the level of detail the regional office staff ultimately required was too high. Specifically, officials in California said that the version of their plan that the region accepted included 2,932 action steps—a number these officials believe is too high given their state's limited resources and the 2-year time frame to implement the PIP.

ACF officials have undertaken several steps to clarify their expectations for states and to improve technical assistance. For example, in 2002, 2 years after ACF released the CFSR regulations and a procedures manual, ACF offered states additional guidance and provided a matrix format to help state officials prepare their plans. ACF officials told us the agency sends a team of staff from ACF and resource centers to the state to provide intensive on-site technical assistance, when it determines that a state is slow in developing its PIP. Further, ACF has sent resource center staff to states to provide training almost immediately after the completion

of the on-site review to encourage state officials to begin PIP development before the final report is released. Our survey results indicate that increasing numbers of states are developing their PIPs early in the CFSR process, which may reflect ACF's emphasis on PIP development. According to our analysis, of the 18 states reviewed in 2001, only 2 started developing their PIPs before or during the statewide assessment phase. Among states reviewed in 2003, this share increased to 5 of 9.

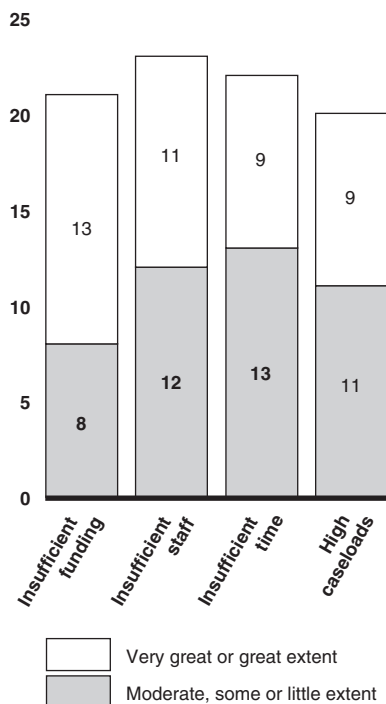
Evidence suggests that lengthy time frames for PIP approval have not necessarily delayed PIP implementation, and ACF has made efforts to reduce the time the agency takes to approve states' PIPs. For example, officials in 3 of the 5 states we visited told us they began implementing new action steps before ACF officially approved their plans because many of the actions in their PIPs were already under way. In addition, according to our survey, of the 28 states reporting on this topic, 24 reported that they had started implementing their PIP before ACF approved it. Further, our analysis shows that the length of time between the PIP due date, which statute sets at 90 days after the release of the final CFSR report, and final ACF PIP approval has ranged considerably—from 45 to 349 business days. For almost half of the plans, ACF's approval occurred 91 to 179 business days after the PIP was due. Our analysis indicated that ACF has recently reduced the time lapse by 46 business days. This shorter time lapse for PIP approval may be due, in part, to the ACF's emphasis on PIP development. According to one official, ACF has directed states to concentrate on submitting a plan that can be quickly approved. Another ACF official added that because of ACF's assistance with PIP development, states are now submitting higher-quality PIPs that require fewer revisions.

State and Federal Uncertainties Cloud PIP Implementation and Monitoring

Program improvement planning has been ongoing, but uncertainties have made it difficult for states to implement their plans and ACF to monitor state performance. Such uncertainties include not knowing whether state resources are adequate to implement the plans and how best to monitor state reforms. In answering a survey question about PIP implementation challenges, a number of states identified insufficient funding, staff, and time—as well as high caseloads—as their greatest obstacles. Figure 2 depicts these results.

Figure 2: Most Common Challenges Affecting States' PIP Implementation

Number of states reporting how much challenges affected PIP implementation



Source: GAO survey.

Note: This is based on responses from 25 states. The results reported in the figure are a sum of the states reporting that the issue was a challenge to PIP implementation to a very great extent, great extent, moderate extent, or some/little extent. States not included answered no extent, no basis to judge, or not applicable.

One official from Pennsylvania commented that because of the state's budget shortfall, no additional funds were available for the state to implement its improvement plan, so most counties must improve outcomes with little or no additional resources. A Massachusetts official reported that fiscal problems in his state likely would lead the state to lay off attorneys and caseworkers and to cut funding for family support programs. While state officials acknowledged that they do not have specific estimates of PIP implementation expenses because they have not tracked this information in their state financial systems, many states indicated that to cope with financial difficulties, they had to be creative and use resources more efficiently to fund PIP strategies. Of the 26 states responding to a question in our survey on PIP financing, 12 said that they were financing the PIP strategies by redistributing current funding, and 7 said that they were using no-cost methods. In an example of the latter, Oklahoma officials reported pursuing in-kind donations from a greeting card company so that they could send thank-you notes to foster parents, believing this could increase foster parent retention and engagement. Aside from funding challenges, states also reported that PIP implementation has been affected by staff workloads, but these comments were mixed. In Wyoming, for example, caseworkers told us that their high caseloads would prevent them from implementing many of the positive action steps included in their improvement plan. In contrast, Oklahoma caseworkers told us that the improvement plan priorities in their state—such as finding permanent homes for children—have helped them become more motivated, more organized, and more effective with time management.

ACF officials expressed uncertainty about how best to monitor states' progress and apply estimated financial penalties when progress was slow or absent, and 3 of the 5 states we visited reported frustration with the limited guidance ACF had provided on the PIPs quarterly reporting process. For example, 4 regional offices told us that they did not have enough guidance on or experience with evaluating state quarterly reports. Some regional offices told us they require states to submit evidence of each PIP action step's completion, such as training curricula or revised policies, but one ACF official acknowledged that this is not yet standard procedure, although the agency is considering efforts to make the quarterly report submission procedures more uniform. Moreover, ACF staff from 1 region told us that because PIP monitoring varies by region, they were concerned about enforcing penalties. Shortly before California's quarterly report was due, state officials told us they still did not know how much detail to provide; how to demonstrate whether they had completed certain activities; or what would happen if they did not

reach the level of improvement specified in the plan. Based on data from the states that have been reviewed to date, the estimated financial penalties range from a total of \$91,492 for North Dakota to \$18,244,430 for California, but the impact of these potential penalties remains unclear. While ACF staff from most regional offices told us that potential financial penalties are not the driving force behind state reform efforts, some contend that the estimated penalties affect how aggressively states pursue reform in their PIPs. For example, regional office staff noted that 1 state's separate strategic plan included more aggressive action steps than those in its PIP because the state did not want to be liable for penalties if it did not meet its benchmarks for improvement. State officials also had mixed responses as to how the financial penalties would affect PIP implementation. An official in Wyoming said that incurring the penalties was equivalent to shutting down social service operations in 1 local office for a month, while other officials in the same state thought it would cost more to implement PIP strategies than it would to incur financial penalties if benchmarks were unmet. Nevertheless, these officials also said that while penalties are a consideration, they have used the CFSR as an opportunity to provide better services. One official in another state agreed that it would cost more to implement the PIP than to face financial penalties, but this official was emphatic in the state's commitment to program improvement.

ACF's Focus Rests Almost Exclusively on Implementing the CFSR

To implement the CFSRs, ACF has focused its activities almost entirely on the CFSR review process, and regional staff report limitations in providing assistance to states in helping them to meet key federal goals. ACF officials told us the CFSR has become the agency's primary mechanism for monitoring states and facilitating program improvement, but they acknowledged that regional office staff might not have realized the full utility of the CFSR as a tool to integrate all existing training and technical assistance efforts. Further, according to ACF officials, meetings to discuss a new system of training and technical assistance are ongoing, though recommendations were not available at the time of publication of our April 2004 report. Levels of resource center funding, the scope and objectives of the resource centers' work, and the contractors who operate the resource centers are all subject to change before the current cooperative agreements expire at the close of fiscal year 2004.

ACF officials told us that the learning opportunities in the Children's Bureau are intentionally targeted at the CFSR, but staff in 3 regions told us that this training should cover a wider range of subjects—including topics outside of the CFSR process—so that regional officials could better meet

states' needs. All 18 of the courses that ACF has provided to its staff since 2001 have focused on such topics as writing final CFSR reports and using data for program improvement, and while ACF officials in the central office said that the course selection reflects both the agency's prioritization of the CFSR process and staff needs, our interviews with regional staff suggest that some of them wish to obtain additional non-CFSR training. In addition, although ACF organizes biennial conferences for state and federal child welfare officials, staff from 5 regions told us that they wanted more substantive interaction with their ACF colleagues, such as networking at conferences, to increase their overall child welfare expertise. Further, staff from 6 of the 10 regions told us that their participation in conferences is limited because of funding constraints.

ACF staff in all 10 regions provide ongoing assistance or ad hoc counseling to states, either through phone, e-mail, or on-site support, but staff from 6 regions told us they would like to conduct site visits with states more regularly to improve their relationships with state officials and provide more targeted assistance. Further, staff in 4 regions felt their travel funds were constrained and explained that they try to stretch their travel dollars by addressing states' non-CFSR needs, such as court improvements, during CFSR-related visits. While an ACF senior official from the central office confirmed that CFSR-related travel constituted 60 percent of its 2002 child welfare-monitoring budget, this official added that CFSR spending represents an infusion of funding rather than a reprioritization of existing dollars, and stated that regional administrators have discretion over how the funds are allocated within their regions. In addition, the same official stated that he knew of no instance in which a region requested more money for travel than it received.

Concerns from state officials in all 5 of the states we visited echoed those of regional office staff and confirmed the need for improvements to the overall training and technical assistance structure. For example, state officials in New York and Wyoming commented that ACF staff from their respective regional offices did not have sufficient time to spend with them on CFSR matters because regional staff were simultaneously occupied conducting reviews in other states. However, our survey results revealed that states reviewed in 2003 had much higher levels of satisfaction with regional office assistance than those states reviewed in 2001, which suggests improvements to regional office training and technical assistance as the process evolved.

Concluding Observations

ACF and the states have devoted considerable resources to the CFSR process, but to date, no state has passed the threshold for substantial conformity on all CFSR measures, and concerns remain regarding the validity of some data sources and the limited use of all available information to determine substantial conformity. The majority of states surveyed agreed that CFSR results are similar to their own evaluation of areas needing improvement. However, without using more reliable data—and in some cases, additional data from state self-assessments—to determine substantial conformity, ACF may be over- or under-estimating the extent to which states are actually meeting the needs of the children and families in their care. These over- or under-estimates can, in turn, affect the scope and content of the PIPs that states must develop in response.

In addition, the PIP development, approval, and monitoring processes remain unclear to some, potentially reducing states' credibility with their stakeholders and straining the federal/state partnership. Similarly, regional officials are unclear as to how they can accomplish their various training and technical assistance responsibilities, including the CFSR. Without clear guidance on how to systematically prepare and monitor PIP-related documents, and how regional officials can integrate their many oversight responsibilities, ACF has left state officials unsure of how their progress over time will be judged and potentially complicated its own monitoring efforts.

To ensure that ACF uses the best available data in measuring state performance, we recommended in our April 2004 report that the Secretary of HHS expand the use of additional data states may provide in their statewide assessments and consider alternative data sources when available, such as longitudinal data that track children's placements over time, before making final CFSR determinations. In addition, to ensure that ACF regional offices and states fully understand the PIP development, approval, and monitoring processes, and that regional offices fully understand ACF's prioritization of the CFSR as the primary mechanism for child welfare oversight, we recommended that the Secretary of HHS issue clarifying guidance on the PIP process and evaluate states' and regional offices' adherence to this instruction and provide guidance to regional offices explaining how to better integrate the many training and technical assistance activities for which they are responsible, such as participation in state planning meetings and the provision of counsel to states on various topics, with their new CFSR responsibilities. In response to the first recommendation, HHS acknowledged that the CFSR is a new process that continues to evolve, and also noted several steps it has taken to

address the data quality concerns we raise in our report. We believe that our findings from the April 2004 report, as well as a previous report on child welfare data and states' information systems, fully address HHS's initial actions, as well as the substantial resources the agency has already dedicated to the review process. However, to improve its oversight of state performance, our recommendation was meant to encourage HHS to take additional actions to improve its use of data in conducting these reviews. In response to the second recommendation, HHS said that it has continued to provide technical assistance and training to states and regional offices, when appropriate. HHS noted that it is committed to continually assessing and addressing training and technical assistance needs. In this context, our recommendation was intended to encourage HHS to enhance existing training efforts and focus both on state and on regional officials' understanding of how to incorporate the CFSR process into their overall improvement and oversight efforts.

Mr. Chairman, this concludes my prepared statement. I would be pleased to respond to any questions that you or other members of the subcommittee may have.

Appendix I: GAO Contacts Acknowledgments

GAO Contacts

For further contacts regarding this testimony, please call Cornelia M. Ashby at (202) 512-8403. Individuals making key contributions to this testimony include Diana Pietrowiak and Joy Gambino.

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