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Aug. 22, 2022
 TO: Zachary Q. Jackson, Director, State Budget Agency
 FROM: Director Terry J. Stigdon, MSN, RN
 SUBJECT: Agency Overview – Budget Transmittal Letter – FY 2024-25

Introduction

The Indiana Department of Child Services (DCS) protects victims of child abuse or neglect and strengthens families through family support and preservation services. The department facilitates prevention services, adoption, foster care and child support payments.

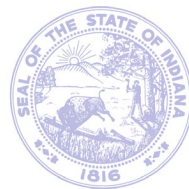
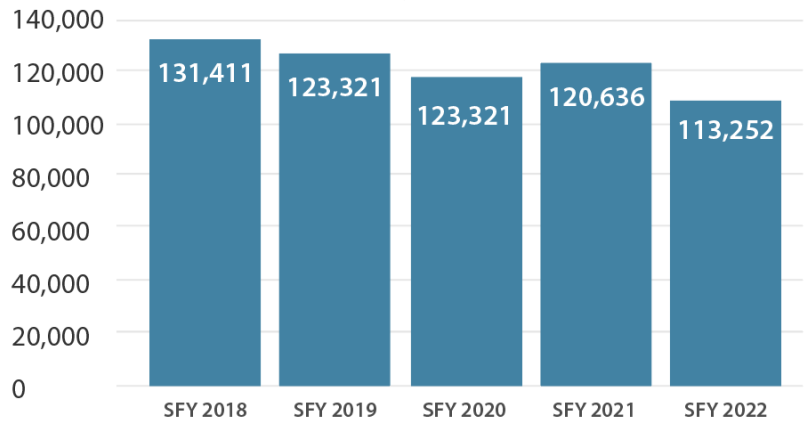
Structure and Organization

The director oversees the chief of staff and chief equity and inclusion officer. The chief of staff oversees the chief information officer, chief financial officer, legislative director, and general counsel, as well as deputy directors of the following divisions: child support; staff development; juvenile justice initiatives and support; field operations; child welfare services; strategic solutions and agency transformation; and communications.

Assessments of Child Abuse & Neglect

A primary responsibility of the Department of Child Services is to assess abuse and neglect allegations. The number of assessments opened each year has decreased by almost 14% since SFY 2018 as DCS has worked to provide the right care to the right child at the right time.

Assessments of Child Abuse & Neglect Opened by State Fiscal Year



Children will live in safe, healthy and supportive families and communities.

The following is an overview of the programs DCS currently delivers to Hoosier children and families.

In-Home Care

In-home services include a broad array of preservation and reunification services, including the agency's Family Preservation Services program, designed to prevent the unnecessary removal of children from their home.

Out-of-Home Care

When children must be removed from their homes, DCS utilizes a variety of placement options, including licensed and unlicensed relative placements, DCS and private foster homes, and residential treatment facilities. This category also includes services provided to families in their home to support reunification or help plan for a child's adoption.

Child Services Operations

Child Services Operations comprises child welfare field operations, legal operations, central office staff, staff development and training, business operations and administration.

Older Youth Services

The older youth services program supports the transition to adulthood/independent living for children who are emancipating from foster care.

Prevention

The goal of all prevention services is to reduce the need for referrals to child protective services or involvement with the juvenile justice system.

Juvenile Justice

The juvenile justice division consults with the juvenile delinquency courts regarding residential programs and DCS-funded services available to juvenile justice-involved youth. The division also oversees the Central Office Background Check Unit (COBCU) and the transfer of DCS-supervised youths to and from other states through the Interstate Compact on the Placement of Children (ICPC).

Child Support

DCS' Child Support Bureau (CSB) is Indiana's "single and separate organizational unit" to administer Title IV-D child support services as required by federal law.

Strategic Solutions and Agency Transformation

The Strategic Solutions and Agency Transformation (SSAT) division spearheads DCS' continuous quality improvement efforts.

Accomplishments During the FY 2022–2023 Biennium:

- **Child safety** – DCS' focus on providing the right services to the right family at the right time has led to fewer children in care, reduced dependence on residential care, and safer children as reflected by a higher percentage of children who have not experienced repeated maltreatment. DCS has 44% fewer children in out-of-home placements today than it did at the agency's highest count in October 2017. On June 30, 2021, there were 11,539 children in out-of-home placements, including 548 placed in residential treatment facilities. By July 31, 2022,



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there were only 9,758 children in out-of-home placements with 446 in residential facilities. July 2022 marked DCS' fifth consecutive month with more than 95% of cases having no repeat maltreatment —surpassing the federal target of 94.6% and reaching a level of child safety the agency has not achieved since 2011. The agency's ratio of supervisors to case managers has also improved, allowing more collaboration and mentorship and better support for our staff and the families the agency serves.

- **SafeACT** – DCS launched the Safe Assessment Closure Team (SafeACT) statewide in May 2021, resulting in a sharp decrease in open assessments. In April 2021, DCS had 20,353 assessments open statewide. By August 2022, using the SafeACT, that number had dropped to 5,604.
- **Family Preservation Services** – The Family Preservation Services program has been in place for 26 months, serving more than 16,000 children and 7,000 families. Since the program launched statewide on June 1, 2020, the number of children in out-of-home foster care has gone down by 24.7%, in-home cases are at a historic low, and the number of children who come back into DCS care after their cases are closed has been cut by more than half. The program's use of per diem-based reimbursements has allowed much better predictability of the agency's spend on in-home services.
- **IT system upgrades** – The DCS IT team is working to implement two large modernization initiatives (INvest for child support, I-KIDS for child welfare) that will collectively support more than 5,000 users and 1.5 million direct clients. Both initiatives have made considerable progress in the past year and are poised to positively impact the Hoosier families and children DCS serves.
- **Prevention plan** – DCS' Title IV-E Prevention Program Five-Year Plan was approved by the Administration for Children and Families, allowing Indiana, for the first time, to use federal funding to deliver prevention services to families, with the goal of keeping children safely with their families and out of foster care. The Family First Prevention Services Act (FFPSA) requires an approved five-year plan before the funds can be accessed. On June 30, 2022, Indiana became the 22nd state with an approved plan. The effective date of Indiana's plan is October 1, 2021.
- **Out-of-state background check assistance** – To comply with Indiana statute, prospective employees of DCS-licensed and -contracted agencies must undergo background checks prior to employment. This includes child protective service (CPS) history checks for substantiations of child abuse or neglect. In recent years, agencies have experienced delays when seeking CPS checks from other states, causing staffing challenges. To support the hiring efforts of our providers, DCS' Central Office Background Check Unit (COBCU) dedicated a new staff position to expediting requests by serving as a liaison between the DCS-licensed or -contracted agency and the out-of-state child welfare agency.

Challenges During the FY 2022–2023 Biennium:

- **Agency turnover** – Maintaining a force of skilled employees is an ongoing agency effort. The rate of total agency turnover in Calendar Year 2021 was 31.7%. In Calendar Year 2021, the agency lost 1,018 FCMs and FCM trainees and gained 628. To recruit new candidates, the HR team collaborated with local staff to hold walk-in interviews at offices struggling to find candidates. These were advertised on social media and in job postings. Additional recruiting platforms were utilized to attract more candidates. Other recruitment efforts include holding 15 agency job fairs, visiting 23 colleges and universities, and decreasing time-to-fill on non-FCM positions.



- **Supports for kinship caregivers** – It is an ongoing agency goal to place children with kin when they are removed from their homes because of abuse or neglect. Kinship caregivers include relatives or those who have a family-like relationship to the child. More than half of the children in out-of-home care reside in kinship placements; however, current policy does not provide for ongoing financial support for these important caregivers. This lack of support places great stress on caregivers who have taken children into their homes at a traumatic time and in turn puts the children in their care at greater risk for disruption.
- **Accessing residential treatment for high-acuity and complex youths** – While the agency has reduced the number of children in residential treatment by more than half in the past five years, finding high-quality in-state residential treatment for children with complex behavioral and mental-health needs has proven challenging. Collaboration with other state agencies is essential to successfully addressing this challenge in the long term.

Objectives for the FY 2024–2025 Biennium

During the next biennium, DCS has the following primary objectives:

1. **Improve employee retention** – Retaining frontline staff will decrease time to permanency for children in care. Family case managers (FCMs), the largest segment of the DCS team, are therefore the focus of many retention efforts. The Employee Experience Value Stream Analysis steering team is tasked with implementing the improvements necessary to increase employee retention.
2. **Reduce the number of out-of-home placements and the rate of children entering out-of-home care** – DCS’s involvement with a family, specifically if we are required to remove a child from their home of origin, can cause lifelong trauma. The agency has reduced the rate of children entering care per 1,000 children by 47% over the past five years but is committed to lowering that number even further. The agency will continue to evaluate its response to allegations of child abuse and neglect to ensure our staff provides the right service to the right child at the right time. Our involvement should provide temporary placement only if needed and support Hoosiers as they seek to create a safe and healthy environment for the children in their care.
3. **Ensure Indiana’s service provider rates are consistent with industry standards and reflective of the resources involved in the delivery of the services** – DCS will collaborate with a third-party vendor to analyze the rates paid for community- and home-based services for Hoosier families and children. This rate review will inform a new rate structure to ensure our rates are equitable and in line with industry standards. Additionally, DCS will work to assess its residential and licensed child placing agencies rate methodology and process in collaboration with agencies across the state. This review will ensure the DCS rate-setting process is transparent, equitable and aligns with industry best practices.
4. **Launch system upgrade for child support technology** – DCS will continue to move forward with replacing Indiana’s current statewide child support system, ISETS, with INvest. INvest will allow the agency to take advantage of newer technology; provide a more user-friendly experience for child-support workers as well as employers and custodial and non-custodial parents; and meet federal program and security requirements. The system is slated to be launched statewide in summer 2023.
5. **Launch system upgrade for child welfare technology** – DCS’ Comprehensive Child Welfare Information System (CCWIS), I-KIDS, is currently in development. The team started work on Aug. 4, 2020. The completion of I-KIDS



will support data-driven decision-making and position the agency to implement the principles of FFPSA more effectively, specifically by streamlining the vendor reimbursement/claims process.

6. **Promote transparency** – DCS is utilizing Tableau data visualization software to create a series of interactive dashboards presenting several performance measures in an easily digestible format for quick analysis. Each visualization will show five-year trends including full monthly data for the whole state as well as each county. These dashboards will be prominently featured on DCS' public website.
7. **Create a culture of safety** – DCS will continue to promote an atmosphere that fosters personal and professional growth by promoting respect for those with whom we work and empowering employees to learn, make mistakes and implement change without fear of reprisal. This includes the implementation of a new Worker2Worker program, a confidential peer-support program aimed at reducing stress, burnout, anxiety, and job frustrations.
8. **Recruit and retain high-quality foster parents** – While DCS has significantly reduced the number of children in foster care across the state, locating, training, and retaining high-quality foster parents continues to be a high priority. It is critical that the children who must be separated from their families because of abuse or neglect have loving, safe and stable substitute homes in which to heal, and we will continue to look for innovative ways to grow the number of homes available. Additionally, a wide pool of foster parents increases the likelihood children entering care can be placed near their home and remain in their current school system, lessening the trauma of removal.

Organization Chart

- See attachment.

Programs to be Reduced, Eliminated or Replaced

- No programs or services for children will be reduced, eliminated, or replaced.

Reallocation of Funds

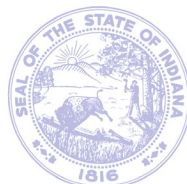
- No funds are planned to be reallocated.

FY 2024–2025 Initiatives

DCS requests the following change packages:

1. **Reinstate operating margin for nonprofits**
2. **Increase foster care maintenance payment rate**
3. **Provide per diem to non-licensed relatives for DCS foster youth**

1. Reinstate operating margin for nonprofits
 - This change package constitutes a reasonable operating margin to support nonprofit residential service providers and licensed child-placing agencies (LCPAs). This operating margin will allow program expansion and promote recruitment and retention of staff. The unprecedented staffing shortage has forced provider partners to limit the number of children they can serve, leading to delays in finding permanency for youth in care.



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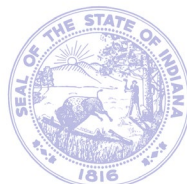
2. Increase foster care maintenance payment rate
 - States are required to provide payments to licensed foster care providers that include the costs of caring for a child. Other than the federal definition for foster care maintenance payments, states have discretion in how they establish the payment structure, amount, and periodicity for reviewing the rates paid to foster care providers. The purpose of this change package is to provide funding to increase the Foster Care Maintenance Payment rate to the 50th percentile of the 10 most comparable states.

3. Provide per diem to unlicensed kinship caregivers of DCS foster youth
 - The purpose of this change package is to assist unlicensed kinship placements by offering a maintenance payment per diem. As of July 31, 2022, 50.7% of DCS youth in foster care were in kinship placements. Most of these homes are unlicensed and receive minimal financial support. The financial strain of fostering a child on kinship caregivers can result in placement disruption, exacerbating the trauma the child is going through from being removed from their primary families.

Sincerely,



Terry Stigdon, MSN, RN
Agency Head/Director
Indiana Department of Child Services



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