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CHILD WELFARE

HHS Begins to Assume Leadership to Implement National and State Systems
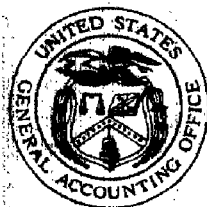
GAO

United States
General Accounting Office
Washington, D.C. 20548

Accounting and Information
Management Division

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June 8, 1994

The Honorable Daniel P. Moynihan
Chairman, Committee on Finance
United States Senate

The Honorable Donald W. Riegle, Jr.
Chairman, Subcommittee on Health for
    Families and the Uninsured
Committee on Finance
United States Senate

This report responds to your request that we evaluate efforts by the Department of Health and Human Services (HHS) to develop and implement a nationwide adoption and foster care data collection system. Also, since HHS funds part of the cost of developing and operating state child welfare information systems, you asked that we assess the effectiveness of its guidance to the states for those purposes. Finally, you requested that we determine whether there were innovative approaches that states were taking in developing their child welfare information systems that could be useful in developing systems in other states.

Unless you publicly announce the contents of the report earlier, we plan no further distribution until 30 days from the date of this letter. At that time, we will send copies to the Secretary of Health and Human Services; the Director, Office of Management and Budget; interested congressional committees; and other interested parties. We will also make copies available to others upon request.

Should you have any questions about this report or require additional information, please contact me at (202) 512-6252. Other major contributors are listed in appendix IV.

Frank W. Reilly
Director, Information Resources
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Executive Summary

Purpose

Child welfare programs focus on providing child care and protection services, such as foster care, when families break down and cannot care for their children. States are beginning to develop automated child welfare information systems in order to provide adoption and foster care information to the federal government and better support caseworkers and managers in providing child welfare services. These state systems are likely to cost at least several hundred million dollars over the next several years—a cost the federal government will share with the states. Given this investment, the Senate Finance Committee requested that GAO determine

- whether the Department of Health and Human Services (HHS) has provided effective leadership in establishing a nationwide adoption and foster care data collection system;
- whether HHS has provided adequate direction to states in developing management information systems to support child welfare programs; and
- what innovative approaches states are using in their child welfare information systems.

Background

Although the primary responsibility for child welfare services rests with the states, the federal government has been involved in a variety of ways since the early 1900s. HHS' Administration for Children and Families (ACF) is responsible for administering and overseeing child welfare programs at the federal level, including states' development and use of automated information systems.

For many years, the child welfare community has expressed concern that information essential for making child welfare policy, including basic demographic information on children in foster care, is unavailable. In response, Congress has enacted several laws since 1978 directing HHS to implement a nationwide adoption and foster care data collection system. HHS responded to these congressional requirements by developing a system in which states submit data voluntarily; however, this system has had only limited success in collecting these data. As a result, in 1986 the Congress directed HHS to establish a comprehensive nationwide system. Final regulations for the system were due by December 31, 1988, and full system implementation was to be completed by October 1, 1991.

At the state level, child welfare information systems can provide policymakers with a wide range of useful data. The systems are also useful to managers and caseworkers in completing their various responsibilities, such as issuing payments to foster care providers or tracking the progress

of children through the child welfare system. Until recently, HHS provided funding for part of the cost of developing and operating state child welfare information systems, although the percentage of federal contribution varied widely, depending upon the statutory source of funding and the number and income level of children in the state. An amendment to the Social Security Act that became effective October 1, 1993, now provides funding specifically for the development of child welfare information systems with a federal contribution of up to 75 percent of systems development cost.

Results in Brief

HHS took over 7 years—5 years past the legislative deadline—to issue final regulations for the nationwide adoption and foster care data collection system, and states will not be required to begin sending data for the system until mid-1995. Without a nationwide system, federal and state policymakers have not had the demographic and other information they need to establish adoption and foster care policies. States developing child welfare information systems have also not known what data they should design their system to collect to meet reporting requirements for the nationwide system.

In addition, although states have been receiving federal financial assistance to develop automated child welfare information systems, they have not, until recently, received adequate guidance from HHS on what functional capabilities the systems should possess. HHS officials said they did not issue this guidance in the past because they did not have specific legislative authority, but that recent legislation has since provided them with the necessary authority.

Since GAO began discussing these issues with HHS, it has addressed many of the issues. HHS issued final regulations for the nationwide system, issued functional requirements for states' child welfare information systems, worked with states to develop a draft system model for other states to follow when developing their systems, and hired a contractor to help states develop their systems. GAO believes these efforts are valuable initiatives. Given the importance of the systems and the amount of money being spent—both by states and the federal government—HHS' leadership must be sustained and continued in order for the envisioned nationwide and state systems to be effectively implemented.

Principal Findings

HHS' Development of the Nationwide Foster Care and Adoption Reporting System

While HHS recently issued final regulations for a nationwide adoption and foster care data collection system, its development of these regulations has been fraught with delays. The 1986 legislation stipulated that HHS complete final regulations for the system by the end of calendar year 1988 and that the system be fully implemented by October 1, 1991. However, HHS did not issue final regulations until December 22, 1993—5 years past the legislative mandate—and the system is still not fully implemented.

Until this nationwide system is fully implemented, federal and state policymakers will continue to not have the demographic and other child welfare information they need to help them develop adoption and foster care policies and to plan and budget for child welfare programs. In addition, states who developed statewide child welfare information systems before these regulations were released, may have to redesign their systems to meet the new reporting requirements.

Ultimately, the success of the nationwide system will depend on accurate and timely reporting by each individual state system. HHS recognizes that many states may have difficulty meeting the data collection and reporting requirements. As such, HHS has awarded a contract to provide technical assistance for implementing the nationwide system and for helping states develop or redesign their systems to meet the new requirements. Also, several private sector information system vendors are developing software programs to extract information for the nationwide system from states' current child welfare databases.

Implementing Functional Requirements for Statewide Systems Requires Active HHS Role

Until recently, HHS has taken a passive role in overseeing states' development of child welfare information systems, providing essentially no guidance as to the functions states' child welfare information systems should be able to perform. Requiring that systems perform certain functions helps ensure that they provide services efficiently and effectively. HHS has issued functional requirements for other welfare programs, such as Aid to Families with Dependent Children (AFDC) and Child Support Enforcement. However, HHS officials told GAO that they did not issue requirements for statewide child welfare information systems in the past because they did not believe they had clear statutory authority to do so.

While GAO agrees that past statutes did not provide specific authority, HHS did little else to guide states in developing their systems' functional capabilities. For example, HHS did not assess functional capabilities in its reviews of system planning documents and systems to approve applications for federal funding. Moreover, HHS made only modest efforts to encourage the states to share development information among themselves—information that state officials confirmed would be useful in developing their systems.

With new statutory requirements for obtaining 75 percent federal funding in effect, HHS issued functional requirements for statewide automated child welfare information systems in December 1993, and indicates it will soon issue additional system requirements guidance to the states. HHS will also help ensure that states meet these requirements and will provide input through its process to approve applications for the enhanced federal funding.

Model System Could Aid State Development Efforts

Many states and localities are developing automated child welfare information systems, and enhanced funding may encourage more. Several of these systems, as well as some developed by vendors, contain innovative features intended to support both administrators and caseworkers in their tasks and provide better service delivery to children.

In response to these systems and state interest, HHS and a number of states recently established a workgroup and developed a draft model child welfare information system. More comprehensive than the functional requirements HHS recently issued, this model system could help further guide states' development efforts.

Recommendations

In a draft of this report sent to the Department of Health and Human Services, GAO proposed several recommendations. These proposed recommendations have since been implemented by the agency. They are therefore not reflected in this final report. There remain some lesser concerns that GAO believes still need to be addressed. Additional details on these concerns are provided in chapters 2, 3, and 4.

Agency Comments

In commenting on a draft of this report, HHS strongly objected, stating that the report did not recognize the aggressive approach ACF has taken toward implementing regulations for the nationwide adoption and foster care

system and for issuing functional requirements for statewide child welfare information systems.

GAO has modified the report to reflect HHS' actions to finalize the long-awaited regulation for the nationwide data collection system, and is encouraged by the commitment shown by the current leadership. ACF's actions closely match the proposed recommendations provided in GAO's draft report. Consequently, these recommendations have been deleted or modified as appropriate. It is important that the strong leadership HHS has shown continues—states' progress in meeting nationwide system requirements must be monitored and the implementation strategy should be reevaluated and updated until the system is totally implemented. The Department's comments are presented and evaluated in chapters 2, 3, and 4. The Office of Management and Budget's (OMB) comments are presented and evaluated in chapter 2.

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Related GAO Products

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Abbreviations

ACF	Administration for Children and Families
AFCARS	Adoption and Foster Care Analysis and Reporting System
AFDC	Aid to Families with Dependent Children
APD	advanced planning document
APWA	American Public Welfare Association
HHS	Department of Health and Human Services
OMB	Office of Management and Budget
VCIS	Voluntary Cooperative Information System

Introduction

Child welfare programs can help fill voids caused when families break down and cannot care for or need help in safely caring for their children. Child welfare program services include a wide range of activities, performed by caseworkers, that are designed to protect children. These activities can include investigating child abuse and neglect reports or providing other support services to maintain children in their own homes. Child welfare services also include removal of children from home for their own protection, financial support for children in foster care, services to reunite children in foster care with their natural families, and adoption assistance or other permanency planning services if family reunification is not feasible.

Federal and State Governments Share Child Welfare Responsibilities

Many private, nonprofit, and government entities work to provide child welfare services to families in need. While the basic responsibility for these services rests with the states, the federal government helps fund state programs and influences state action by attaching requirements to the receipt of federal funds.

Child welfare programs are administered at the state, county, or local government level, which leads to a range of differences among the programs. Historically, child welfare services developed gradually and spontaneously in most states, with much of the impetus coming from private, nongovernmental organizations. Although federal funding requirements have generated some uniformity among states, a great deal of variety still exists in program services, requirements, and administrative procedures. However, if states receive federal funds, they are required to administer their child welfare programs through one state agency. While most states directly administer their child welfare programs, about a third administer their programs through county or local agencies under state supervision.

The largest federal programs related to child welfare are authorized under several titles of the Social Security Act[1] and managed by the Department of Health and Human Services (HHS) through its Administration for Children and Families (ACF). There are at least seven other child welfare programs and activities that do not come under the Social Security Act, the largest being the Child Abuse Prevention and Treatment Act.

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[1]Title IV-B is a formula grant program that supports states in providing child welfare services. Title IV-E is an entitlement program where the federal government shares in the cost of state foster care maintenance and adoption assistance payments. Title XX is an entirely federally funded block grant program that provides states with funds for a wide range of social services.

Federal Government Helps Fund and Oversee Development of State Child Welfare Information Systems

State child welfare information systems play a vital role in assisting caseworkers and managers in making decisions and in collecting data needed by policymakers. The federal government helps fund the development and operation of these systems and is also responsible for overseeing states' system development efforts.

States receive funding for the costs of developing and operating automated child welfare information systems according to federal financial participation rates established for the various programs. These rates range from 50 to 100 percent. The costs are primarily included within overall program administrative costs and are not accounted for separately. Thus, precise figures on the federal contribution are not readily identifiable. However, according to a survey by the American Public Welfare Association (APWA)—a private nonprofit human service organization that represents state human service agencies—the federal government contributed some $210 million in fiscal year 1990 towards administrative costs for states' child welfare programs.

In addition to providing funding, HHS is responsible for overseeing the development of statewide child welfare information systems. Specifically, HHS regulations define the mission and responsibilities for ACF to include providing leadership and guidance in the development and implementation of policies and standards applicable to state data systems development and in information systems sharing. Under title IV-E of the Social Security Act, the Secretary of HHS is also authorized to provide technical assistance to the states to assist them in developing their child welfare programs.

HHS Required to Collect Nationwide Adoption and Foster Care Data

Concerned about the lack of reliable data on children in adoptions and foster care, the Congress enacted legislation requiring HHS to collect these data. HHS initially responded to this requirement by creating a system in which states voluntarily submit adoption and foster care data. However, the quality of data produced by this voluntary system has been poor, and the Congress subsequently required HHS to establish a comprehensive nationwide data collection and reporting system.

In 1978 and 1980, the Congress passed laws responding to child welfare advocates' concerns that better data were needed at both the federal and state levels to help craft policies to address the problems of an increasing foster care population and increasing lengths of stay in foster care.[2] The

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[2]The Child Abuse Prevention and Treatment and Adoption Reform Act, P.L. No. 95-266, 92 Stat. 205 (1978) and the Adoption Assistance and Child Welfare Act of 1980, P.L. No. 96-272, 94 Stat. 500 (1980).

1978 law required the Secretary of HHS to establish and operate a national adoption and foster care data gathering and analysis system utilizing data collected by states. The 1980 law amended the Social Security Act to require the Secretary to collect and publish data pertaining to the incidence and characteristics of foster care and adoptions in this country. The 1980 law also required each state to submit statistical reports on children in federally-subsidized foster care as required by the Secretary. Such reports were to include information on the children's legal status, demographic characteristics, location, and length of stay in foster care.

To respond to these statutory requirements, HHS provided a grant to APWA to develop the Voluntary Cooperative Information System (VCIS). Under VCIS, the APWA collects raw data from the states, performs some preliminary analysis, and then transmits the data to HHS for further analysis. This system, which is still the principal source of nationwide data on children in foster care, has had problems since its inception that have limited its usefulness. For example, not all states report data, and many of those that do provide incomplete data. Further, state reporting periods differ, and states lack common definitions for data elements, differing even on what constitutes "foster care." Even the number of children currently in foster care cannot be determined precisely. For these reasons, child welfare analysts, as well as the APWA, have viewed VCIS data as rough estimates.

HHS now believes the quality and utility of VCIS data has improved. For instance, HHS notes that APWA issued a publication in August 1993 describing the trends in foster care and adoption from 1982 through 1990 as reported in VCIS. Even with these improvements, HHS agrees that VCIS and its data still has many limitations.

In 1986, recognizing the problems with the quality of VCIS data, Congress enacted an amendment to the Social Security Act designed to bring about a comprehensive nationwide adoption and foster care data collection system.[3] This law required HHS to establish a system to collect data that are consistent over time and among jurisdictions through the use of uniform definitions and methodologies. The system is also to provide comprehensive national information with respect to the demographic characteristics of adoptive and foster children and their parents, as well as information on the length and type of placement of foster children and goals for ending or continuing their foster care. Final system regulations

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[3]The Omnibus Budget Reconciliation Act of 1986, P.L. No. 99-509, Section 9443, 100 Stat. 1874, 2073 (1986).

were to be issued by December 31, 1988, and the system was to be fully implemented by October 1, 1991.

Objectives, Scope, and Methodology

We reviewed HHS' progress in developing and implementing the nationwide adoption and foster care data collection system. This work was requested by the Chairmen of the Senate Committee on Finance and the Subcommittee on Health for Families and the Uninsured, Senate Committee on Finance. Our objectives were to determine (1) whether HHS has provided effective leadership in establishing a nationwide adoption and foster care data collection system; (2) whether HHS has provided adequate direction to states in developing management information systems to support child welfare programs; and (3) what innovative approaches states are using in their child welfare information systems.

To obtain background information and to assess HHS' progress in implementing the nationwide adoption and foster care information and reporting system, we reviewed and analyzed applicable laws and regulations, as well as reports involving the development of such a system including:

- Report of the Advisory Committee on Adoption and Foster Care Information, October 1, 1987;
- Report of the Secretary, Department of Health and Human Services to the Congress of the United States, Adoption and Foster Care Data Collection, May 26, 1989;
- Notice of Proposed Rule Making, Federal Register, Vol. 55, No. 188, September 27, 1990 and a revised draft; and
- Final Rule—Data Collection for Foster Care and Adoption; Interim Final Rule—Statewide Automated Child Welfare Information Systems; Federal Register, Vol. 58, No. 244, December 22, 1993.

In order to obtain a better understanding of HHS' efforts to implement the nationwide system, as well as to evaluate HHS direction to the states in developing statewide child welfare systems, we interviewed present and former HHS Administration for Children and Families program and information system officials. We also reviewed other applicable agency documents and spoke to officials in the HHS Office of General Counsel. Further, we interviewed representatives from the APWA, the Children's Defense Fund, and the Child Welfare League of America. Additionally, we contacted program and information systems officials from the 10 largest foster care caseload states, which comprise about 75 percent of the

children in foster care in the United States (as of fiscal year 1991, the latest year for which figures were available at the time of our review). We also contacted representatives of states and localities named as defendants in class action lawsuits in connection with their child welfare program.

To determine innovative approaches that states are using in developing child welfare information systems, we contacted several states and localities—identified during our interviews with various federal, state, and private sector representatives—that had or were developing new systems. We also contacted several system vendors specializing in child welfare information systems.

Our evaluation was conducted from August 1992 through March 1994, in accordance with generally accepted government auditing standards. We performed our work at HHS' Administration for Children and Families and Office of General Counsel in Washington, D.C., and the APWA, Child Welfare League of America, and Children's Defense Fund in Washington, D.C.

We interviewed HHS regional office officials in Philadelphia, Pennsylvania; and San Francisco, California. We conducted in-depth interviews with state officials in California, Florida, Illinois, Massachusetts, Michigan, New York, Ohio, Pennsylvania, Texas, and Wisconsin—the 10 largest foster care caseload states. In addition, we conducted in-depth interviews with local information systems officials in Hartford, Connecticut; Frankfort, Kentucky; Olympia, Washington; Anne Arundel and Montgomery Counties, Maryland; and Lapeer County, Michigan, to obtain further information on innovative systems. In addition to these states and localities, we contacted state officials for Alabama, Arkansas, Kansas, Maryland, New Mexico, and the District of Columbia to determine the status of any child welfare class action lawsuits. We also spoke with officials for the two metropolitan areas with the largest foster care caseloads in the United States—New York City and Los Angeles, California. Finally, we spoke to vendor representatives in Blue Bell, Pennsylvania; and Washington, D.C.

The Department of Health and Human Services provided written comments on a draft of this report. These comments are presented and evaluated in chapters 2, 3, and 4, and are reprinted in appendix II. OMB also provided written comments. These comments are presented and evaluated in chapter 2 and are reprinted in appendix III.

HHS Leadership Needed to Ensure Adequate Nationwide Adoption and Foster Care Data

Until recently, HHS' leadership in the establishment of a congressionally mandated nationwide adoption and foster care data collection system has been lacking. In December 1993—5 years past the legislative deadline—HHS issued final regulations for a nationwide adoption and foster care data collection system. States will be required to begin collecting data for this system in less than a year, and to submit these data by mid-1995. However, while the nationwide system will collect demographic and other data from the states regarding their foster care populations and adoption activities—data that are not reliably available from the existing voluntary data collection system—it is only a first step towards acquiring all data necessary to develop national child welfare policy.

Guidance and Assistance Needed to Minimize Further Delays in Implementing the Nationwide System

In 1986 the Congress enacted an amendment to the Social Security Act requiring HHS to establish a comprehensive nationwide adoption and foster care data collection system. In May 1989, almost a year after the statutory reporting deadline, the Secretary of HHS submitted a report to the Congress describing a comprehensive nationwide system—the Adoption and Foster Care Analysis and Reporting System (AFCARS).

In September 1990, HHS issued a proposed rule to implement AFCARS by the October 1, 1991, statutory implementation date. However, HHS did not issue final regulations until December 22, 1993.[1] HHS has slated system implementation to be effective by October 1, 1994, and states will be required to transmit data for the initial semiannual reporting period no later than May 15, 1995.

HHS officials attribute delays in issuing the final regulations to several reasons, including changes in priorities resulting from changes in the administration, shortages of staff to write the final regulation, and the regulatory review process. However, regardless of the cause, the delay has prevented policymakers from obtaining the nationwide adoption and foster care data Congress envisioned.

An additional consequence of the delay in implementing AFCARS has been that states who attempted to develop statewide child welfare information systems, either for their own internal purposes or in anticipation of complying with AFCARS, had to proceed without knowing what the final AFCARS data elements would be. Many states may now need to redesign

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[1]58 Fed. Reg. 67912 (1993).

their systems to collect and report AFCARS data, while others will need to consider these requirements in designing new systems.

Recognizing that redesigning or developing statewide systems may take time beyond the implementation and initial reporting dates for AFCARS, HHS has established a phased imposition of penalties for noncompliance with AFCARS reporting requirements. There will be no penalty imposed through the semiannual reporting period ending September 30, 1997, and the full penalty will not be imposed until the reporting period beginning October 1, 1998.

HHS has also taken other steps to help implement AFCARS at both the federal and state levels. For instance, it has awarded a contract to (1) implement AFCARS at the federal level, (2) convene a state technical advisory group, and (3) provide technical assistance to the states for implementing AFCARS and for developing their own statewide automated child welfare information systems. Also, HHS awarded three Small Business Innovative Research contracts to develop software programs that, according to an HHS official, will be designed to extract the information required for AFCARS from states' current child welfare databases.

AFCARS—A First Step in Providing Nationwide Adoption and Foster Care Data

As outlined in the 1993 final regulations, AFCARS should provide both federal and state policymakers with data they need for adoption and foster care policy and program management purposes. However, while AFCARS is a good first step, it will not provide all the information necessary to develop child welfare policy at the federal, state, and local levels.

AFCARS Will Provide Useful Information to Policymakers

Child welfare advocacy group representatives, leading child welfare policy analysts, and current and former HHS officials all told us that AFCARS represents an important advance in adoption and foster care data collection. Also, most state representatives we spoke with said they believed AFCARS will provide them with useful data. On the most basic level, it should provide reliable demographic information on the foster care population, such as how many children are in foster care and their ages, ethnic composition, and placement settings. This information is essential for planning and budgeting purposes, particularly since children in one category may require different services than those in another. According to one advocacy group representative, the current best estimate of the number of children needing adoptive families is between 35,000 and

100,000—an estimate that is far too imprecise to permit development of an effective adoption placement training program.

AFCARS will also provide trend data that should be useful in developing policies to reduce the number of children needing foster care. For example, if the sharp increase in the foster care population in recent years is due primarily to increased lengths of stay in foster care, rather than to increased numbers of children entering care, this might suggest a need for greater emphasis on family reunification services rather than on services aimed at preventing the initial removal of children from the home. Similarly, if data indicate that children are increasingly entering foster care due to homelessness or to parental drug abuse, this might suggest an increased need for federal and state efforts to combat these problems.

Further, since AFCARS will collect case-level rather than aggregate data, it will be possible to determine whether certain groups tend to enter foster care more frequently or stay in care longer. This information would facilitate the development of programs targeting the affected groups. For example, if it turns out that a disproportionate number of teenage foster children are in institutional care rather than family foster homes, this might justify initiating a demonstration project to recruit foster parents for teenagers.

AFCARS will collect data on each child rather than aggregate data (children will be identified by number rather than name to preserve confidentiality). States will be required to report about 47 data elements for each adoption and about 65 data elements on each child in foster care. To ensure consistency among states and to facilitate data aggregation and reporting, all data must conform to data element definitions specified in the final regulations. As mentioned previously, states not complying with the reporting requirements will be assessed penalties, but this provision will be phased in over several years to give states an opportunity to redesign their systems. HHS will aggregate the data both nationally and by state, and issue periodic summaries to each state.

Adoption and Foster Care Data Needs Beyond AFCARS

AFCARS is a good first step. It will not, however, provide all the information necessary to develop child welfare policy at the federal, state, and local levels. Analysts and other child welfare experts noted several types of data that AFCARS will not collect.

For example, a key goal of the 1980 law was to encourage the delivery of services that would reduce dependency on foster care, such as services aimed at averting the need to remove a child from the home or reunifying foster children with their families. However, AFCARS will not collect data on such services. According to HHS, the decision to exclude service data was based partly on the fact that the 1986 statute calls only for the collection of data on children in foster care and children placed for adoption. Thus, it would probably not authorize the collection of information on family preservation services rendered to children who are still living at home.

Apart from issues of statutory authority, however, HHS officials and several child welfare analysts told us that it would be difficult for AFCARS to collect data on services of any kind, because enormous variations in the way states define and deliver services would make the data extremely costly to collect on a nationwide basis and highly unreliable. Several analysts suggested that the collection of service data should be viewed as a long-range goal, and that it might be worthwhile to attempt to standardize service definitions as a step towards that goal.

Practicality considerations and concern about protecting children's identities will also limit AFCARS' collection of other data that analysts consider useful. For example, because AFCARS employs a "snapshot" approach that focuses on the status of children at the end of each reporting period, it will collect minimal information on the nature of the foster care settings children are in between reporting periods. In addition, as a concession to state concerns about preserving confidentiality, HHS is considering dropping the requirement that a child retain the same identification number through each stay in foster care. This will make it more difficult to determine whether children who are reunited with their families later reenter foster care—information that analysts agree is important, partly because it is an indication of whether family reunification is an effective strategy.

Conclusions

HHS has only recently begun to aggressively pursue the development of a nationwide adoption and foster care data collection system. Further delays in implementing AFCARS will continue to deprive federal and state decisionmakers of reliable data on children in the adoption and foster care programs—data that would aid them in developing more effective policies and in planning and budgeting child welfare programs. In addition, given the states' need to design or redesign their statewide child welfare

information systems to meet AFCARS data requirements, the need for strong HHS leadership in assisting and guiding the states is more critical than ever.

Moreover, child welfare analysts and experts view AFCARS as only a first step in providing information necessary to develop child welfare policy at the federal, state, and local levels. Thus, HHS must continue to lead efforts to identify and obtain other child welfare information that AFCARS currently does not provide.

Recommendations

We recommend that the Secretary of Health and Human Services direct the Assistant Secretary for Children and Families to work with states and child welfare experts to identify other information necessary for developing federal, state, and local child welfare policy that AFCARS will not provide; and to establish goals to obtain this information.

Agency Comments

In a draft of this report that was sent to HHS and OMB, we proposed recommendations for HHS to expedite issuance of final regulations for AFCARS and to develop a strategy for implementing the system. HHS issued these final regulations, as well as implementation time frames, in December 1993. Consequently, we have deleted these proposed recommendations from this final report.

Besides the implementation time frames indicated in the regulations, HHS also noted a number of actions it is taking. These actions include the award of a contract to (1) implement AFCARS at the federal level, (2) convene a state technical advisory group, and (3) provide additional technical assistance to the states. HHS also awarded three Small Business Innovative Research contracts to develop a reporting format so states can comply with requirements for AFCARS.

Although we have not reviewed work performed pursuant to the recent contracts, we agree that the actions could help facilitate the implementation of the nationwide system, and we have recognized these actions in our chapter discussions. However, we reemphasize that the success of the nationwide system will ultimately depend on accurate and timely reporting by each individual state system. Thus, we believe HHS and ACF must maintain the strong leadership role they have established and continually reevaluate and update their strategy until the system is totally implemented.

Active HHS Oversight Needed in Developing Statewide Automated Child Welfare Information Systems

Until recently, HHS has taken a passive role in overseeing states' development of child welfare information systems. HHS has provided little guidance on what functional requirements states' systems should have, and made little effort to promote sharing of information with and among the states. Without these requirements, states were essentially left on their own to determine what functional capabilities their systems should have.

HHS did not issue these requirements because of uncertainty whether it had the statutory authority to issue such requirements. New legislation now provides this authority, and HHS issued functional requirements in December 1993. HHS has taken other actions as well to help states develop their systems. HHS must now maintain this active oversight role to help ensure that states develop systems that are effective and efficient.

Finally, while HHS has taken steps to develop uniform data element definitions that all states could use, it has not explored the feasibility of developing a comprehensive set of data definitions that could improve information for policymakers and potentially reduce system development costs.

Past HHS Leadership Provides Little Guidance on Functional Requirements for State Systems

HHS is responsible for overseeing the development of child welfare information systems that qualify for federal financial participation, but historically has provided little guidance regarding the functional capabilities these systems should possess. HHS told us that in the past it did not issue functional requirements for child welfare information systems because it believed it lacked clear statutory authority. However, HHS overlooked other ways that it could provide guidance for system capabilities, such as through the reviews it performs to approve federal funding. As a result, the states were left essentially on their own to determine what functions their systems would perform.

In the most basic sense, functional requirements are tasks that a data processing system must be able to perform. For example, functional requirements might require that a system be capable of meeting the reporting requirements of AFCARS or that it must be able to alert a caseworker to a child's previous contacts with the child welfare system. HHS officials agree such requirements are desirable for child welfare information systems. Further, according to a leading policy analyst in the child welfare field, HHS' establishing specifications for what child welfare information systems should be able to do is important to help ensure that new state child welfare information systems are properly designed.

Despite their importance, HHS did not issue functional requirements for child welfare information systems prior to December 1993 because, according to its Office of General Counsel, the statutes did not provide this authority. HHS officials said that the Department's authority to establish information system functional requirements for other programs, such as AFDC and child support enforcement, had a clear basis in the statutes that provide for enhanced federal funding for those systems. For example, legislation authorizing enhanced federal funding for state automated AFDC systems specify a number of functions these systems must perform, such as periodically checking the records of applicants and aid recipients with other state agencies to determine and verify benefit eligibility and payment. However, for child welfare information systems, HHS said the statutes did not provide this authority because they either did not have an enhanced funding provision for title IV-E programs or, when enhanced funding was provided under title IV-B, the statutes did not specify system functions and the language was not broad enough to support HHS prescribing functional requirements for automated systems.

We agree that these past statutes did not provide specific authority to issue functional requirements for child welfare information systems. However, HHS specifically describes its responsibilities, with regard to statewide child welfare information systems, as providing leadership and guidance in the development and implementation of policies and standards applicable to systems development and information systems sharing. We believe it would have been reasonable for HHS to have assumed a more active leadership role and communicated desired system functional capabilities to the states in other ways, such as the various reviews it performs to approve federal funding or through voluntary guidelines.

When a state seeks federal funding for any child welfare information system expected to cost more than $500,000, it must submit an advanced planning document (APD) to HHS. This APD contains, among other things, a cost/benefit analysis, a statement of needs and objectives, a requirements analysis, and a feasibility study for the proposed system. HHS officials responsible for reviewing the APDs said that all aspects of the APD are evaluated, and that typically written comments are provided. They also said that sometimes approval is made conditional on the state modifying its planned system. However, these officials also said that the principal review criterion is that benefits must offset costs in not more than 5 years. The review process is not used to provide input to the states on desired system functional capabilities.

Another option would have been for HHS to issue voluntary guidelines. HHS officials acknowledged that such guidelines could have been used to at least communicate recommended or desirable system functional capabilities to the states. This approach was supported by many state child welfare information system officials we contacted, as well as three leading child welfare analysts we spoke with.

HHS Issues Functional Requirements, but Need for Guidance and Assistance Continues

The Omnibus Budget Reconciliation Act of 1993 authorized HHS to provide enhanced funding for states' child welfare information systems.[1] As such, HHS stated that it now had the authority to issue functional requirements for statewide automated child welfare information systems, which it did in interim final regulations dated December 22, 1993.[2] However, ongoing HHS guidance and assistance is needed to help ensure that these requirements are met and that the states' systems are efficient and effective.

The act authorized federal funding for statewide automated child welfare information systems at an enhanced 75 percent rate if the systems meet several specific requirements. For instance, the systems must meet the requirements of the AFCARS regulation. They must also be determined by the Secretary of HHS to be likely to provide more efficient, economical, and effective administration of the state's title IV-B or IV-E program. An HHS official said it is this final requirement that provides HHS the authority to issue additional functional requirements. According to the recent regulations, HHS will also issue functional guidelines to provide details on requirements the states must meet to obtain the 75 percent funding.

The 75 percent enhanced funding, which started in October 1, 1993, is available for a 3-year period. Thus, it is likely that many states will soon begin submitting new or updated APDs for HHS approval of this funding. This increases the importance of HHS' APD review to help ensure that state systems meet all functional requirements as a condition of obtaining the enhanced funding.

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[1]The Omnibus Budget Reconciliation Act of 1993 (P.L. No. 103-66; 107 Stat. 312 (1993)) amended title IV-E of the Social Security Act authorizing a 75 percent federal matching rate specifically for the development cost of a state child welfare information system. This enhanced federal funding is available for 3 years beginning October 1, 1993, and ending September 30, 1996. After that time, federal financial participation is available for system operation at a 50 percent match rate.

[2]58 Fed. Reg. 67939 (1993).

Sharing Information Can Aid State Development Efforts

Another means by which HHS could help ensure that states consider desirable or beneficial functional capabilities when developing their child welfare information systems is to provide them with information on other states' or information system vendors' development efforts. However, HHS has done little to share this kind of information among the states.

Most state child welfare information system officials we interviewed favored having HHS call their attention to successful or innovative systems. Sharing information on system-related problems among the states could also benefit other development efforts. For example, in recent years many states and localities have been named as defendants in class action lawsuits brought in connection with their child welfare programs. According to an October 1992 directory prepared by the Institutes for Health and Human Services, Inc., 24 states and localities, including the District of Columbia, have been the subject of such lawsuits. According to the directory, the majority of the lawsuits centered around the alleged failure of these states and localities to make adequate efforts to avert the need for placing children in foster care, to facilitate the return of foster children to their parents, or to otherwise provide legally required child welfare services.

In response to the lawsuits, some states and localities have either made or plan to make changes to their child welfare information systems. Others said they are developing or plan to develop new systems to support program changes required by lawsuit settlements. The changes or design features being incorporated into these systems could provide useful guidance to others who may be developing or planning to develop automated child welfare information systems.

Most state child welfare information system officials we interviewed said HHS has not provided them with information on other states' development efforts. An HHS official said that one reason for this is that HHS knows very little about systems in states that have not submitted APDs. HHS records showed that as of April 1993, it had approved APDs for only 14 states' child welfare information systems and only 2 additional APDs were under review. However, this number should soon increase dramatically as all states requesting the new 75 percent enhanced funding will be required to submit an APD.

State officials, information system vendors, and other child welfare experts suggested a variety of ways HHS could help keep states informed

about other development efforts beyond simply answering questions about those systems. These suggestions included:

- preparing a "functionality comparison" of systems in various states, which would describe the systems' capabilities,
- maintaining and providing the states with access to a library of materials with information on every state's system, and
- convening meetings of states, vendors, and child welfare experts to showcase different systems.

HHS has taken a step towards making the last proposal a reality. In early 1993, HHS invited state child welfare information systems representatives to an information systems conference that in prior years had been confined to AFDC and child support enforcement systems users.

Uniform Data Element Definitions May Assist Policymakers and Reduce System Costs

Although most state child welfare programs perform the same function, there is little uniformity in the way states define child welfare data elements. Among other benefits, uniform data element definitions help provide consistent, uniform data for analysis across states. HHS has several efforts underway to facilitate the development of standard data elements. However, while HHS' actions represent a good first step, child welfare experts believe that a data dictionary (a comprehensive set of uniform child welfare data element definitions) still needs to be developed.

In the final regulations for AFCARS, HHS defined and standardized the data elements that states must report for the system. In addition, HHS is undertaking several other efforts that facilitate the development of common data element definitions for child welfare information systems. For example, pursuant to a 1988 law,[3] the National Center on Child Abuse and Neglect, a bureau within ACF, is developing the National Child Abuse and Neglect Data System, to collect data on all children who are reported abused or neglected. As part of this effort, ACF is attempting to assist the states, who will provide data to the system on a voluntary basis, in developing common definitions of system data elements.

As another example, under a 5-year demonstration project involving at least 10 large states, HHS is attempting to develop common definitions for data, relating to children in foster care, that the states already collect, but will not be required to report under AFCARS.[4] Although the project will

[3]The Child Abuse Prevention, Adoption and Family Services Act of 1988, P.L. 100-294, 102 Stat. 102.

[4]"Multi-State Foster Care Data Archive" 57 Fed. Reg. 24885 (1992).

focus primarily on data in the states' foster care databases, it will also try to standardize data on foster children that are maintained in other databases, such as AFDC or Child Support Enforcement. The project will not require states to change their data definitions, but rather will try to develop extraction programs that will convert states' existing data into the standardized format so the data will be defined consistently among the states and thus be more usable to policy analysts.

Despite these actions, the 10 states with the largest foster care caseloads (representing about 75 percent of the children in foster care) said that a common data dictionary would help with policy analysis. Specifically, they said a common data dictionary would help

- provide consistent, uniform data to help state and federal policymakers and administrators analyze data across states, develop policy, allocate resources, and automatically track children as families move from state to state; and
- allow states to evaluate the results of services aimed at reducing the dependency on foster care by providing more reliable, standardized data on the outcome of these services.

In addition, officials from five of the states told us that a common data dictionary could reduce the cost of new systems since defining data elements comprises a large portion of system development costs.

Regardless of the apparent benefits, almost all of the 10 states cautioned that it will be difficult to agree on a common data dictionary because of the differences in data element definitions among the states. For example, in some states if abuse concerns three children in one family, it is considered one allegation, while in other states the same incident would result in three allegations. Additionally, child welfare data elements are often defined by state law and would require legislative changes to create common data definitions. For instance, in some states, the definition of a foster child may include all placements with relatives while in other states the definition may include only placements that were mandated by the courts. Some officials suggested that one approach might be to have representatives from the states, HHS, information systems vendors, and the child welfare community work together to standardize data element definitions and develop a common data dictionary.

Conclusions

In the last year, HHS has taken on a new, proactive role in its providing of assistance and guidance to states. Such leadership must continue if HHS is to fulfill its responsibility to help ensure efficient and effective child welfare information systems. With the increased federal investment in state child welfare information systems, many states may begin developing new systems. This increased investment emphasizes both the federal government's continuing commitment to child welfare and the importance of child welfare information systems.

The increased investment also calls for HHS to do more than just ensure that individual state systems meet requirements for the enhanced federal funding. HHS is in a unique position to foster a cooperative atmosphere with and between the states. The experiences and development efforts of states, as well as those of child welfare information system vendors, can influence the whole community in developing effective and efficient systems. Thus, there is a continuing need for HHS to promote and facilitate information sharing among the states.

Finally, the ongoing federal commitment to child welfare underscores the need to continue exploring other ways to improve the usefulness of the systems, such as by determining the feasibility of developing a more comprehensive set of uniform child welfare data definitions.

Recommendations

GAO recommends that the Secretary of Health and Human Services direct the Assistant Secretary for Children and Families to

- work with states, vendors, and child welfare and information system experts to (1) determine the functional capabilities of a comprehensive statewide automated child welfare information system, and (2) evaluate the feasibility of developing a data dictionary defining uniform child welfare elements, and
- establish an approach to routinely collect and disseminate information to the states on innovative state and vendor systems.

Agency Comments

In a draft of this report, we proposed recommendations to HHS to develop functional requirements that states' child welfare information systems must meet in order to qualify for 75 percent federal funding. HHS issued these regulations as interim regulations in December 1993. We have acknowledged this action in the chapter and have deleted our proposed recommendation in this final report.

In commenting on this report, HHS stated that it believed our report focused on HHS' lack of leadership in the past, rather than on the strong commitment the Department has shown in the last year. We have clarified our final report to address this recent commitment and HHS' leadership.

HHS also noted a number of other actions underway, in addition to the functional requirements, that respond to the intent of our recommendations. These actions include

- developing contacts with state systems and program staff through semiannual meetings of ACF users groups and a recently established child welfare workgroup,
- development and planned issuance of specific child welfare program guidance addressing the functional components of a statewide automated child welfare information system and providing guidance on interface possibilities and cost allocation,
- use of a contractor to provide technical assistance to the states for implementation of the nationwide system and development of statewide systems, and
- plans to establish a child welfare information system bulletin board to facilitate the networking and sharing of information among states planning to develop or developing child welfare information systems.

We agree that these actions address the intent of our recommendations to guide states in the development of efficient and effective statewide automated child welfare information systems. However, most of the actions are either planned or just underway. In addition, the enhanced federal funding period will continue for another 2-1/2 years, during which time state development efforts can also be expected to continue. Finally, as discussed in chapter 2, meeting data collection and reporting requirements for the nationwide system may present some long-term difficulties for states. Thus, we believe the need for HHS leadership and involvement in the state system development process will continue for years to come.

State, County, and Vendor Development Efforts Suggest Key Capabilities of a Model System

A number of states, counties, and vendors are developing new automated child welfare information systems, several of which contain innovative features. Such systems indicate key system capabilities that could help to define a model system for use by others in applying information technology to their child welfare activities.

Some States Develop Innovative Systems

Many of the states and localities we contacted are developing or planning to develop automated child welfare information systems to meet new reporting requirements or to better assist their caseworkers.[1] HHS and child welfare experts consider some of these systems to be innovative because they include unique or innovative capabilities, such as access to workstations for case administration or interfaces (the ability to automatically exchange data) with other social services systems.

The "innovative" states/counties we identified include California; Connecticut; Kentucky; Texas; Washington; and Anne Arundel County, Maryland. In addition, several major information systems vendors were developing generic child welfare information systems. These vendor systems contained many of the same innovative features as the state and county developed systems, and two are currently being piloted in Lapeer County, Michigan; and Montgomery County, Maryland.

States Identify Some Key Capabilities of a Model System

Most of the state and local child welfare information systems officials we interviewed said that a model system would benefit state development efforts because it would provide innovative capabilities that help support caseworkers, save money through more efficient programs, obtain data useful for policy analysis, and comply with state and federal reporting requirements. Given that some states are developing systems considered innovative, we asked these and other states contacted in our review what innovative capabilities they believe a model child welfare information system should include. In all, we contacted the 10 states with the largest foster care caseloads, as well as 3 states that were developing innovative systems. All 13 of these states generally agreed on a number of functional capabilities that they were planning to use or that they considered desirable in a model child welfare information system. These and other capabilities are described in detail in the following sections.

[1]See appendix I for a general discussion of development efforts by the 10 states with the largest foster care caseloads.

Access to Workstations for Case Administration

A system that provides caseworkers and supervisors with access to electronic workstations would help them manage their caseloads and oversee their staff. The functional capabilities listed below should improve decision-making by providing timely and accurate information, as well as ensure that key events, such as home visits and court dates, are not forgotten:

- Immediate access to child- and family-specific information to assist caseworkers in making appropriate and timely case management decisions, such as earlier intervention when prior incidents of abuse or neglect indicate possible risk to the child's safety.
- Prompt information about the backgrounds and characteristics of available foster care providers to facilitate placements that better meet children's needs, such as placing them in a home where their native language is spoken or in an area where they would not have to change schools.
- Automatic reminders about important events, such as court dates, court reports, and foster home visits. Such reminders should result in fewer forgotten appointments and fewer late reports.

Supervisors would also benefit from having access to workstations that automatically notify them whether caseworkers are keeping up with their duties, such as foster home visits or filings of court documents. The system would additionally provide them with information on caseworkers' skills and workloads, which would allow them to make case assignments that best suit both the client's and worker's needs.

Ready Access to Data for Policy Analysis and Program Administration

The functional capability to analyze and report information as required on an ad hoc basis would help policymakers and administrators plan programs, allocate resources, arrive at decisions, and make recommendations. Below are examples of the type of information a model system could collect that would help with policy analysis and program administration:

- Family preservation and family reunification services and their outcomes, which would help determine whether certain types of services produce effective results.
- The nature and duration of each placement setting a child is in while in foster care (such as a family foster home, group foster home, or an institution) and whether children who leave foster care later reenter.

- Client populations and their needs, to determine which types of children, such as drug-addicted infants or children with AIDS, are underserved or receiving inappropriate services.

Single Record for Each Child in the System

A system with a single record for each child would help caseworkers manage their cases from the time an initial referral is made until the case is closed, and would also provide useful information for policy analysts. A typical case has three separate phases: (1) collecting information about a referral and the associated individuals, (2) investigating and validating this information, and (3) developing and managing the case plan until it is closed. Consequently, the system should have a single record with a single identifier for each child that follows the child from the initial abuse or neglect referral through any and all subsequent foster care and adoptive placements. Such a design would allow caseworkers to obtain a child's abuse and neglect history and to monitor the child as he/she moves through, as well as in and out of, the child welfare system. It would also provide useful information for policy analysts regarding whether children with certain types of abuse and neglect histories tend to have different foster care and adoption outcomes than other children.

Interfaces With Other Social Services Systems

Since family situations often cross program lines, information about a child's contacts with other social welfare agencies could help reduce welfare costs, help caseworkers determine what services would be appropriate for the child, and notify caseworkers of situations that are likely to be dangerous.

Officials from 11 of the 13 states expressed the need for an interface with the AFDC information system. They noted that such an interface would help reduce expenses to the state by adjusting a family's AFDC allowance, if appropriate, when a child leaves the family and is placed in foster care. Additionally, some of the states and child welfare information systems experts believe that interfaces with the following systems could be beneficial and should be further explored:

- the Child Support Enforcement System to help locate an absent parent and have him/her offset state costs by contributing towards the cost of foster care,
- the Juvenile Justice System to provide caseworkers with information about juvenile offenders who are housed in child welfare system facilities,

- the Education System to see whether a child needs special educational services,
- the Medicaid System to inform caseworkers of a child's health status and what medical services he/she is using,
- the Mental Health System to help determine which children need psychological services, and
- Adult Criminal Justice to alert caseworkers when a parent could be potentially dangerous because of past criminal behavior, and to determine whether foster care providers with whom a child is going to be placed have criminal records.

Automated Reporting Capabilities

A system that automatically generates both predefined federal and state reports (such as those required for AFCARS), as well as ad hoc reports, by extracting the necessary data directly from case files and automatically performing any required analysis would

- relieve caseworkers of the burden of manually compiling and reporting such information;
- improve the accuracy of the information reported since the data would not have to be copied multiple times;
- increase the timeliness of responses to investigative and legislative inquiries, case audits, Grand Juries, as well as external inquiries from foster care providers, concerned citizens, etc.; and
- reduce the need for costly surveys, which are often labor intensive and time-consuming.

Automation of Administrative Functions

Office automation features may also offer caseworkers and their supervisors a number of benefits. For example:

- Graphical user interfaces could provide easy access to even the most complex tasks and procedures because commands would be represented by a picture or icon on the screen and then executed by selecting the corresponding picture with a mouse.
- Word processing programs could expedite the documenting and editing of narrative case information, such as court reports, home studies and evaluations, and case notes. Workers could also enter data directly into the system, rather than documenting cases manually and then having clerical staff retype the information.
- The ability to generate forms electronically and to automatically copy repetitive information, such as name and date of birth, from one form onto

another would give caseworkers more time to manage cases and arrange for the provision of services.

Open and Flexible Architecture

An open and flexible architecture design would allow the system to interconnect with a variety of hardware and software. This would decrease system development and maintenance costs by reducing dependency on specific vendors and allowing easy modification to incorporate future information needs.

While all of these innovative features should make the caseworkers' and supervisors' work easier, and help with policy-making and program administration, the real beneficiaries are the children. By reducing paperwork and streamlining administrative functions, the model systems can let caseworkers focus more on the needs of the children. They also help agency management balance workloads and make decisions to bring the highest possible level of service to the children and their families.

States Should Examine Their Child Welfare Business Processes to Determine Automation Needs

While a model child welfare information system could aid states' development efforts, it is important that the states examine their entire child welfare business process before applying new information technology. Traditional ways of doing work should be scrutinized and traditional assumptions and procedures should be questioned. An information system plan should reflect the most up-to-date child welfare business process. This may also require a thorough needs assessment and analysis of existing child welfare workflow, information processing, case record maintenance practices, and reporting requirements. Once the work has been redefined, the need for new information technology can be determined. Otherwise, applying new technology may only serve to electronically embalm inefficient or ineffective processes.

Conclusions

In addition to the child welfare program knowledge and system development experience within the respective states, several have already taken the initiative in developing innovative systems that have the potential to yield programmatic and administrative savings and to provide enhanced care to children. Their knowledge and experience, as well as that of vendors and child welfare and information system experts, are valuable sources of input both to identify the capabilities of a comprehensive child welfare information system and to develop a model system others can use in determining the capabilities of their systems.

Recommendations

GAO recommends that the Secretary of Health and Human Services direct the Assistant Secretary for Children and Families to work with states, vendors, and child welfare and information system experts to determine the key capabilities of a comprehensive automated child welfare information system and provide a model of this system to the states to aid their system development efforts.

Agency Comments

In commenting on a draft of this report, HHS agreed with this recommendation and said that the Child Welfare Workgroup of state and federal systems and program staff it formed in April 1993 has developed a draft functional model for a comprehensive child welfare system. This draft model was presented at a November 1993 meeting of the ACF Users group, and is now awaiting finalization. HHS also noted that it has awarded cooperative agreements to California and New Jersey for them to examine their child welfare business processes in determining their automation needs.

Efforts by the Ten Largest Foster Care Caseload States to Develop Automated Child Welfare Information Systems

During our review we contacted the 10 largest foster care caseload states, which represent about 75 percent of the foster care children in fiscal year 1991 (the latest year for which data were available at the time of our review). Of these, seven are developing or planning to develop new automated child welfare information systems. The status of automation efforts in these 10 states, as well as their estimated cost (where available) is summarized in Table I.1 below.

Table I.1: Status of Automated Child Welfare System Development Efforts in the Ten Largest Foster Care States

State	Status	Estimated development cost (millions)
California	Under development	$29
Florida	Under development	Unavailable
Illinois	Preliminary plans	Unavailable
Massachusetts	Preliminary plans	$15
Michigan	Preliminary plans	$18
New York	Use existing system	Not applicable
Ohio	Use existing system	Not applicable
Pennsylvania	Preliminary plans	Unavailable
Texas	Under development	$35
Wisconsin	No new system planned	Not applicable

In addition to providing better support to case workers in performing their tasks, a primary reason cited by these states for developing the systems was the need to comply with the anticipated AFCARS regulations. AFCARS will require states to transmit the required data to HHS in electronic form, and HHS said that state systems will need to be computerized in order to meet the intent of the regulations. During our review, we observed an apparent need for automation, in that all 10 of the largest caseload states currently have systems that rely almost entirely on paper case records at the local levels. Information that is needed for federal, as well as state and local, reporting purposes is manually extracted from the paper files, entered on a form, and transmitted by a data entry worker to a central state database on a mainframe computer. These systems hamper worker productivity by requiring redundant recording of information, as well as providing only limited and slow access to data.

Comments From the Department of Health and Human Services

DEPARTMENT OF HEALTH & HUMAN SERVICES   Office of Inspector General

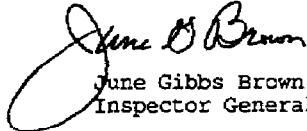Washington, D.C. 20201

APR 4 199?

Mr. Gene L. Dodaro
Assistant Comptroller General
United States General
  Accounting Office
Washington, D.C. 20548

Dear Mr. Dodaro:

Enclosed are the Department's comments on your draft report,
"Child Welfare: Stronger HHS Leadership Needed to Provide
Critical National Data and Guide States' System Efforts." The
comments represent the tentative position of the Department and
are subject to reevaluation when the final version of this report
is received.

The Department appreciates the opportunity to comment on this
draft report before its publication.

Sincerely yours,

June Gibbs Brown
Inspector General

Enclosure

COMMENTS OF THE DEPARTMENT OF HEALTH AND HUMAN SERVICES ON THE
U.S. GENERAL ACCOUNTING OFFICE'S DRAFT REPORT, "CHILD WELFARE:
STRONGER HHS LEADERSHIP NEEDED TO PROVIDE CRITICAL NATIONAL DATA
AND GUIDE STATES' SYSTEM EFFORTS," REPORT NO. GAO/AIMD-94-37)

General Comments

We strongly object to the issuance of the General Accounting
Office (GAO) report as drafted. The report does not recognize
the aggressive approach the Administration for Children and
Families (ACF) has taken toward implementing statewide automated
child welfare information systems (SACWIS), including mandated
Adoption and Foster Care Analysis Reporting Systems (AFCARS).
Rather than reflecting this Administration's strong commitment to
child welfare systems which began early in 1993, the report
appears to speak instead to the lack of strong initiative
experienced in the past.

In August 1993, enhanced funding was authorized for the
development of comprehensive child welfare information systems in
the Omnibus Budget Reconciliation Act of 1993 (OBRA). When we
met with GAO in August 1993, we discussed this Administration's
determination to swiftly implement this provision as well as the
long overdue AFCARS requirements.

Throughout the fall of 1993, ACF kept GAO informed of our
progress on these regulations, and with respect to the SACWIS
interim final rule, provided an advance draft copy of the rule to
GAO to insure that the report reflected current activity.
Interim final rules to implement the OBRA requirement and final
rules to implement AFCARS were issued December 22, 1993. Again,
GAO was informed as soon as the Federal Register provided a
publication date. The Department is concerned that GAO's report,
issued in January 1994, not only does not acknowledge these
actions but recommends actions GAO knows have already been taken.

When ACF staff met with GAO on February 2 to discuss the report,
there seemed to be mutual understanding of the above
circumstances and a desire to set the record straight. It was
our perception that the report would be revised. We were thus
distressed to learn of GAO's intent to go forward with a report
which they acknowledge is factually incorrect and misleading.

Specific Comments

We believe that ACF's actions over the last 12 months closely
match the recommendations provided in the report. Following is a
summary of ACF past and planned actions which clearly indicate
full compliance with GAO's recommendations.

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ACF has been actively sponsoring semi-annual national meetings of
the ACF Users groups since 1985. The agendas for the last four
meetings have included a separate child welfare track in addition
to the technical guidance offered in generic systems sessions.

ACF has also been in contact with vendors through meetings and
demonstrations of their innovative model child welfare systems.
The insights these resources provided further expand our
knowledge base and help shape our technical guidance to States.

In addition, a Child Welfare Workgroup consisting of State and
Federal systems and program staff was formed in April 1993 by ACF
in response to increasing interest in child welfare-related
topics. ACF hosted the workgroup's meetings with a goal of
developing a draft functional model for a comprehensive child
welfare system. This was in recognition of the need for
providing voluntary guidelines, similar to those called for in
GAO's report. The model was presented at the November 1993
meeting of the ACF Users group in Boston.

Strong ACF leadership resulted in publication of the AFCARS and
SACWIS regulations referenced above. As a data collection tool,
AFCARS represents advancement that will benefit both child
welfare professionals and researchers. The SACWIS interim final
rule outlines systems requirements for obtaining enhanced funding
for a comprehensive child welfare system and details the
functional capabilities related to the funding requirements. The
provisions of the rule closely parallel the recommendations of
the report.

In addition to responding to comments and finalizing the interim
final SACWIS rule, our current priority is the development of
specific child welfare program guidance on the systems
requirements. The guidance, promised in the interim final rule,
is planned for release this month and will address the functional
components of a SACWIS and provide guidance on interface
possibilities and cost allocation.

To provide additional technical assistance, ACF has awarded a
contract to implement the Federal AFCARS; convene a State
Technical Advisory Group; and, provide additional technical
assistance to States on AFCARS implementation and SACWIS
development. Further, to facilitate the networking and sharing
of information among States already engaged in, or planning to
develop AFCARS/SACWIS, the contractor and ACF are establishing a
child welfare information system bulletin board.

While we recognize that the Voluntary Cooperative Information
System (VCIS) has many limitations, we believe the draft report
overstates these deficiencies. Contracts that ACF has awarded to
analyze VCIS data have determined that some questions on the VCIS
questionnaire have attained a 100 percent response rate.

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Furthermore, even the response rates for many individual
questions have improved, as has the quality of the responses.
With respect to the utility of the data, the American Public
Welfare Association (APWA), which manages the voluntary
cooperative information system, widely disseminates its VCIS
Research Notes which use VCIS data as input. These reports
describe recent trends and provide some descriptive analyses as
reported to APWA through the VCIS. In addition, APWA issued a
publication in August 1993 describing the trends in foster care
and adoption from 1982 through 1990 as reported in VCIS. The
reported data elements in these publications are similar to those
enumerated at the top of page 28 of the GAO report. The contract
that ACF awarded also provided for trend data for 1986 through
1989 for those VCIS data elements that satisfied strict
qualitative criteria for consistency and uniformity.

ACF has also awarded three Small Business Innovative Research
contracts to develop a reporting format so that States can comply
with the AFCARS requirements. This effort should be acknowledged
on pages 9 and 10 of the report in the discussion on "model
system characteristics."

GAO should also recognize and include, on page 56 of the report,
the award of cooperative agreements to California and New Jersey
to accomplish some of those same objectives, namely, that States
should examine their child welfare business processes in
determining their automation needs. Specifically, these two
awards require a thorough needs assessment and analysis of
existing child welfare workflows, information processing, case
record maintenance practices and reporting requirements.

Finally, we note that there are numerous references throughout
the report to the "Administrator for Children and Families." The
correct title is "Assistant Secretary, Administration for
Children and Families" or "Assistant Secretary for Children and
Families."

In closing, we strongly urge that the report be revised to
reflect the aforementioned issuances and activities and to
acknowledge ACF's aggressive leadership over the past year in the
area of child welfare systems development.

The following is GAO's comment on the Department of Health and Human Services' letter dated April 4, 1994.

GAO Comment

ACF has taken a number of recent actions to strengthen its leadership and commitment to child welfare information systems. In finalizing this report, we have recognized these actions. We believe ACF is now on the right track and have revised our report to acknowledge its ongoing efforts. We also agree that ACF's actions satisfy several of the recommendations we proposed in a draft of this report. We have, therefore, deleted both the recommendation for issuing final regulations for AFCARS and for issuing functional requirements that states' child welfare information systems must meet in order to qualify for enhanced funding.

We further agree that the other actions mentioned in HHS' comments address the intent of our recommendations for guiding states in the development of child welfare information systems. However, most of these actions are either planned or just underway. In addition, the enhanced funding period will continue for another 2-1/2 years, during which time states may face other long-term difficulties. Thus, we have retained our recommendations to emphasize the need for continued HHS leadership and involvement in the development and implementation of child welfare information systems.

Comments From the Office of Management and Budget

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

April 4, 1994

Mr. Frank W. Reilly
Director
Human Resources Information Systems
General Accounting Office
P.O. Box 6015
Gaithersburg, MD 20884

Dear Mr. Reilly:

Thank you for the opportunity to respond to your draft report, "Child Welfare: Stronger HHS Leadership Needed to Provide Critical National Data and Guide States' System Efforts," (AIMD-94-37, dated January 6, 1994).

The subject of the draft report is a nationwide adoption and foster care data collection system (also known as "AFCARS") mandated by the Congress in 1986. The system's purpose is to help track children in the child welfare system and to collect demographic and other data about children in foster care and children placed in adoption. Draft report AIMD-94-37 discusses the Department of Health and Human Service's (HHS) delays in providing guidance to States on implementing AFCARS.

HHS had already published regulations providing such guidance to States by the time GAO's draft report was shared with us. Following enactment of OBRA 1993, which provided a three year enhanced match for States' AFCARS systems, HHS published regulations on December 15, 1993, to give States specific guidance about what types of information collections would be mandated and encouraged. The regulations also provide details to States about how the Federal Government will help to finance States' AFCARS systems. These regulations, in combination with the additional funding provided to States, should encourage States to develop strong automated systems. Such systems will provide better support for child welfare caseworkers and help all levels of government to learn more about children in the child welfare system.

Given these developments, you may wish to consider
revising your report to describe the actions taken by HHS in
publishing AFCARS regulations. Thank you again for soliciting
our comments on this report.

Sincerely,

Isabel V. Sawhill
Associate Director
Human Resources

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Related GAO Products

Residential Care: Some High-Risk Youth Benefit, But More Study Needed (GAO/HEHS-94-56, Jan. 28, 1994).

Automated Welfare Systems: Historical Costs and Projections (GAO/AIMD-94-52FS, Feb. 25, 1994).

Foster Care: Federal Policy on Title IV-E Share of Training Costs (GAO/HRD-94-7, Nov. 3, 1993).

Foster Care: Services to Prevent Out-of-Home Placements Are Limited by Funding Barriers (GAO/HRD-93-76, Jun. 29, 1993).

Foster Care: State Agencies Other Than Child Welfare Can Access Title IV-E Funds (GAO/HRD-93-6, Feb. 9, 1993).

Child Care: States Face Difficulties Enforcing Standards and Promoting Quality (GAO/HRD-93-13, Nov. 20, 1992).

Integrating Human Services: Linking At-Risk Families With Services More Successful Than System Reform Efforts (GAO/HRD-92-108, Sep. 24, 1992).

Child Support Enforcement: Timely Action Needed to Correct System Development Problems (GAO/IMTEC-92-46, Aug. 13, 1992).

Child Abuse: Prevention Programs Need Greater Emphasis (GAO/HRD-92-99, Aug. 3, 1992).

Welfare Programs: Ineffective Federal Oversight Permits Costly Automated Systems Problems (GAO/IMTEC-92-29, May 27, 1992).

Foster Care: Children's Experiences Linked to Various Factors; Better Data Needed (GAO/HRD-91-64, Sep. 11, 1991).

Child Welfare: Monitoring Out-of-State Placements (GAO/HRD-91-107BR, Sep. 3, 1991).

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