

PERFORMANCE BASED BUDGETING

**Division of Child and Family Services
(Department of Human Services)**

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A Report to the Executive Appropriations Committee

**Prepared by
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PERFORMANCE BASED BUDGETING AND THE DEPARTMENT OF HUMAN SERVICES

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A. Executive Summary

Background

Legislative intent language included in Senate Bill 3 (“Supplemental Appropriations Act II,” 1999 General Session) instructed the Office of Legislative Fiscal Analyst to develop a performance budget for one or more agencies in the Department of Human Services. The Fiscal Analyst, with concurrence of the Department, chose the Division of Child and Family Services (DCFS) as the subject agency for this assignment. This Division has considerable experience in reporting various types of performance measures as a result of the David C. Court Settlement and Child Welfare Reform legislation.

Recommendations:

1. **It is the recommendation that all state agencies, including the judiciary, develop a performance based budgeting process to be initiated in the FY 2002 budget cycle. As part of this process, key performance measures will be established through a cooperative effort by the agencies, the Governor’s Office of Planning and Budget, and the Office of Legislative Fiscal Analyst. The measures that are developed should provide the Legislature with a functional, systematic approach for determining effective use of appropriated funds. Where appropriate, this process should reflect the objectives of Utah Tomorrow. The performance measurement and accountability systems currently being developed by the Utah System of Higher Education and the Task Force on Learning Standards and Accountability in Public Education would become part of this statewide system.**
 - ▶ In recent years, Performance Based Budgeting (PBB) has received more attention as citizens and decision- makers are demanding evidence of improved results from the use of tax dollars.
 - ▶ PBB can be a valuable resource to the Legislature in evaluating programs and allocating resources.
 - ▶ PBB connects performance measurement with the budget process.
 - ▶ While PBB focuses attention on performance and results (outcomes), data reflecting the use of resources (input data), quantity of services provided (outputs), and quality of services provided are valuable information to consider.
 - ▶ Effective PBB reflects long-term strategic planning efforts, goals and objectives.
 - ▶ Except for a few specific funds or programs, states have generally not linked performance directly to the budget. However, some states do provide incentives and penalties based on performance.
 - ▶ Care must be exercised in crafting performance measures to avoid misdirected efforts.
 - ▶ Performance goals and measures should originate in the Executive Branch and be approved by the Legislature.
 - ▶ Performance goals and data should be audited and validated by the Legislative Auditor’s Office.
2. **The Legislative Fiscal Analyst recommends that the Governor require the Division of Child and Family Services (DCFS) to include key outcome performance data with future budget requests. The Analyst further recommends that these include measures from the three main areas of child welfare concern: Protection, Permanency, and Well-being. The fiscal analyst recommends the following four key measures be used initially:**

- ▶ Protection: Percent of Child Protective Services investigations initiated within the time period mandated by statute, regulation, or policy.
- ▶ Protection: Percent of children who do not re-enter out-of-home care within 6, 12, or 18 months.
- ▶ Permanency: Number and percent of children who attain permanency within 12 months after entering DCFS custody.
- ▶ Well-being: Percent of children experiencing fewer than three placement changes within a service episode.

B. Performance Based Budgeting (PBB) Background

Public sector budgeting in the United States is evolving. The traditional budget approach has focused on **inputs**, such as the resources (funding and staff) that an agency has available. Expenditures were controlled through incremental line item budget changes. This approach does not always give attention to actual achievements of government programs.

In the private sector, efficient resource allocation relies upon the free-flow of information between consumers and producers. Price signals reflect consumer preferences, customer satisfaction, and supplier costs and producer performance. Competition eliminates poor performers and shifts resources to those entities that improve efficiency and elevate utility.

Public entities, however, do not typically receive performance information through price signals. Public sector revenue is generated through means related to equity and not necessarily reflecting preferences, satisfaction, or performance. Therefore, governments generally use past funding levels to determine future resource allocation.

In recent years, budget decision-makers and the general public have demanded better accountability for not just the use of resources, but for results public programs are to generate. As a result, the principles of Performance Based Budgeting (PBB) have gained popularity.

1. What is PBB?

The concept of PBB dates from the 1950s and has been used under many labels: Management by Objective (MBO); Zero Based Budgeting (ZBB); and Total Quality Management (TQM) to name a few. Generally, PBB relies on a common framework to measure results. That framework includes:

1. **Vision or Mission** statement of a preferred future giving purpose for an organization's existence;
2. **Goals** - results toward which an endeavor is directed;
3. **Objectives** - specific deliverables to be produced in pursuing a goal; and,
4. **Measures** - quantitative or qualitative indicators used to assess performance or progress towards an objective. Types of measures include:
 - **Outcome**: Measures the actual impact, result, or public benefit of an agency's actions. Example: percent of clients rehabilitated.
 - **Output**: Counts the goods and services produced by an agency. Example: number of clients served or the number of investigations completed.
 - **Efficiency**: Measures the unit cost of a given outcome or output. Example: average cost per client served or average time to respond to a call.
 - **Input**: Resources used to produce services. Example: Number of employees.
 - **Quality**: Measures effectiveness in meeting expectations of constituents and clients. Example: Customer satisfaction survey of service provided.
 - **Explanatory**: Defines agency's environment and explains relevant factors in interpreting other agency measures.

PBB adds information on accomplishments

Performance Based Budgeting attempts to deliver market-like information to the public sector. It sends results to budget decision makers in much the same way profits send investment indicators to financiers in the private sector. PBB injects information on accomplishments into the resource allocation process.

Implementation of PBB varies depending on focus

Implementation of the PBB framework can differ depending on the types of measures used. If PBB is **output oriented** the focus is on the product or service being provided. For example, output oriented PBB would ask “How many police officers can be hired at a certain budget level, and how much will it cost taxpayers?” **Outcome oriented** PBB, on the other hand, defines results as the impact of a given product or service on a constituency. It would ask “How will the crime rate be impacted by a certain budget level and what is the public benefit?”

Similarly, the way results data are used can differ depending on the approach to PBB. In **influential** PBB, results data are used by decision-makers as one of many factors in determining budgets through a political process. However, if PBB is implemented in a **determinative** manner, results information automatically triggers increases or decreases in budgets through formula or standards.

Finally, PBB can be **incremental**, in which case results information impacts marginal increases (building blocks), or **comprehensive** where results information impacts entire budget (base and building blocks).

In this study, we will focus on Performance Based Budgeting that is **outcome oriented, influential, and comprehensive**. We define a Performance Based Budget as one that provides information regarding the impact of given activities on commonly accepted objectives, goals, and missions as an additional factor for use in the existing budget process.

Performance Based Budgeting has its benefits and challenges.

Benefits include:

PBB benefits include focus on accomplishments and clearer direction.

- ▶ PBB attempts to establish the value of a government product or service rather than just its cost. Used in combination with cost data, this value or benefit information can improve the efficiency of product/service delivery.
- ▶ When properly implemented, PBB can signal the effectiveness of a program and create baseline data against which to measure improvement. It shifts an agency’s focus from inputs (budget and staff) to outcomes (the results an agency produces).
- ▶ PBB clearly defines major purposes for which funds are allocated and tells the manager how program results will be measured.

Challenges include:

PBB requires measures that properly direct, and are actually affected by, an agency’s efforts.

- ▶ PBB can be misleading. Improperly defined measures may lead to pursuit of the measure itself without regard to its associated objective or goal. Furthermore, it may not be clear whether the appropriate response to a measure would be to increase or to decrease funding.

- ▶ There may be a lack of credible and useful performance indicators. The impact of an activity on a given outcome can be hard to isolate. Many factors may contribute to a goal or objective, only one of which may be the product or service provided by government. Thus, undesired outcomes may not be the result of poor performance, and vice versa
- ▶ With attention placed on performance data, agency staff may be tempted to manipulate performance data or be selective in its presentation.
- ▶ Once difficulties in achieving consensus on goals and measures are overcome, agencies may find PBB to be restrictive. Missions, objectives, and goals tend to develop inertia once they are established.
- ▶ If not properly developed and administered, PBB can be costly and cumbersome. Government entities have limited time and information processing resources. Defining measures, providing training, collecting data and analyzing effectiveness may impose additional costs. Past performance budgeting efforts in the federal government and some states have resulted in often voluminous presentations. In addition, a short legislative session would not allow for a detailed legislative review of large amounts of data. However, it be the task of the Legislative Fiscal Analyst staff to digest the data and present the information in a useful and concise manner to the Legislature.

PBB may increase burden on agencies and legislators

Conclusion

In the long run, these challenges can be managed such that the benefits of PBB, in terms of taxpayer satisfaction, improved efficiency, and better government service, will likely out-weigh its costs.

2. GASB Standards for Implementing Performance Based Budgeting

The Governmental Accounting Standards Board (GASB), established in 1984 by the Financial Accounting Foundation, establishes “standards that lead governments to provide useful and comprehensible information to the users of governmental financial statements” (“Performance Measurement for Government,” GASB, August 19, 1999).

To help ensure proper implementation of Performance Based Budgeting, GASB has been developing performance measurement and reporting standards. In 1985, GASB issued a resolution encouraging state and local governments to experiment in PBB. By 1990 it began publishing a series of reports analyzing ongoing efforts in PBB and presenting existing performance measures as templates for use by those governments wishing to undertake PBB. In 1994, GASB published “*Concept Statement Number 2, Service Efforts and Accomplishments Reporting*,” stating that the inclusion of both financial and non-financial performance measurements is an essential part of making informed decisions.

GASB may require performance reporting in government annual reports

Currently, GASB, with assistance from the Alfred P. Sloan Foundation, is undertaking a multi-year effort that it hopes will lead to generally accepted standards for performance reporting, and potentially a requirement that all governments include results data in their annual financial plans. The GASB project has five objectives:

1. Developing and improving measures of performance for decision making;
2. Making those measures available to the public and other users;
3. Developing methods for state and local governments to communicate performance measures;
4. Teaching users how to work with performance measures to assess the service efforts, costs and accomplishments of a governmental entity; and,
5. Ensuring the relevance, comprehensiveness, understandability, timeliness and reliability of performance measures.

Using field research from thirty state and local governments, GASB hopes to produce a final report on this effort at the end of 1999.

3. Performance Based Budgeting in Other States

Most states are involved in some form of performance reporting. A few states are attempting comprehensive performance based budgeting. The National Conference of State Legislatures (NCSL) is currently involved in researching the status of PBB in the fifty states. Preliminary data indicates that 32 states have “governing-for-results” legislation in place, including Utah (based on its “Utah Tomorrow” planning process).

A few states have experimented with budget incentives.

A few states have experimented with mechanisms to link performance data directly to the budget process. This usually takes the form of financial incentives such as bonuses, additional budget flexibility, or ability to carry forward a portion of unspent year-end balances. Disincentives are even more rare and are usually the opposite of incentives, but also include additional reporting requirements and critical public scrutiny.

There is considerable debate about whether and how to link performance information to budgeting decisions. On the one hand, some observers believe that performance information will be irrelevant if it does not play a key role in the budget process. The budget is the primary means by which the executive and legislative branches oversee agency activities. But many people have expressed reluctance to automatically adjust an agency's funding level based on a performance measurement. Reasons given include:

- ▶ It is unclear whether the appropriate response to a poorly performing program is to reduce its funding or increase it;
- ▶ Program performance may depend on factors outside an agency's control;
- ▶ Tying funding to performance could create incentives for misreporting;
- ▶ Budgeting is a political process of making choices and tradeoffs, not merely a mechanical process for allocating funds based on data or formulas.

Tying funds to performance has not really happened.

In no states that we examined was there an automatic, built-in mechanism to determine the agency's budget. According to staff at NCSL, tying funds in a determinative manner to performance hasn't really happened, if at all. Political and revenue realities always play the final determining role in the budget process.

Performance measurement systems appear to work best when developed by the Executive Branch. It typically takes a number of years to properly develop a reliable, useful system with meaningful outcome measures. Typically, a legislative auditing process assesses the reliability and validity of the measures and data.

Examples of PBB in Other States

Following are some examples of what is happening in other states regarding performance reporting and budgeting. Appendix 1 lists a summary of the current budgeting processes in the 50 states.

Florida

Florida has a very comprehensive system for measuring performance. In 1994, the Legislature created the Office of Program Policy Analysis and Government Accountability (OPPAGA) to help improve the performance and accountability of state government. It set in motion a seven-year effort called "Performance Based Program Budgeting (PBPB or PB²)" to focus the attention of budget decision makers on program results. Currently, about two-thirds of all state agencies are included in the process.

The Legislature sets agency performance targets that are incorporated into the annual budget. OPPAGA works with agencies providing feedback on proposed programs and measurements. It also reports to the Legislature on agencies operating under the PB² system. PB² provides for incentives and rewards for agencies that meet their goals and offer sanctions for those that do not. OPPAGA is working to improve the system by improving performance measures, quality and consistency of data reported, and presentations to the Legislature. PB² has not yet developed a direct linkage to budget decisions.

Arizona

In 1997, the State of Arizona made major changes in their budgetary process. Besides switching to a biennial budget, the State began budgeting on the program level instead of on specific expenditure categories (e.g., personnel). Programs are designed to be the key features of an agency's mission. The Joint Legislative Budget Committee (JLBC) and the Governor's Office of Strategic Planning and Budgeting (OSP) jointly review agencies' programs and self-assessments. According to the JLBC, data do not yet show program performance improvements, but agencies are better able to track historical data, set benchmarks, and measure customer satisfaction.

Virginia

Virginia has been involved in a long, cautious approach to implementing performance based budgeting. The Department of Planning and Budget (DPB) did a national survey in 1990 of how other states are using performance measures. The next year, the Joint Legislative Audit and Review Commission recommended that DPB begin a pilot program. In 1993, the General Assembly asked DPB to consider the feasibility of implementing a statewide strategic planning and performance measurement process. In late 1994, DPB reported favorably to the proposal and put it into action. All departments developed three to five performance measures with their 1996-1998 budget proposals. Now, the performance measurement system is an integral part of Virginia's performance budgeting process, linking an agency's mission to budget decisions. Performance measures are intended to give the agency, administration, and Virginia citizens a better understanding of benefits achieved with an agency's resources. Virginia agencies are encouraged to use outcome measures in addition to such process measures as input, output, efficiency and quality.

Minnesota Minnesota directed its agencies to use performance measures in their FY 1995 budget proposals. However, due to an inadequate time frame and lack of training, the process faltered and the law was repealed several years later. Legislators felt the process was of little value. Agencies felt the effort was too great for the perceived benefits. The State never attempted to link performance with the budget process. However, some agencies are still using performance measures to improve management and to better tell their stories.

California California has recently begun a performance based budgeting pilot program involving five state agencies. Each of the five agencies was allowed to develop a unique approach to creating a new budget process. In general, however, each plan included goals, strategies, tactics, and measures. The measures become the essence of a Memorandum of Understanding (MOU) with the Legislature. The specific language of the MOU:

- ▶ Specifies outcomes to be achieved,
- ▶ Establishes baselines for measuring performance,
- ▶ Increases managerial flexibility by allowing exemptions from some controls,
- ▶ Allows the department to reinvest savings into programs, and
- ▶ Requires commitment to quality improvement.

Texas Texas has been using performance based budgeting since 1993. Prior to 1993, it attempted a zero-based budget system. In producing agency strategic plans, the Governor's "Vision Texas" is used to provide an overall framework. Performance measures reflecting the strategic plans are included in the agencies' budget requests as well as the final appropriations bill. The Governor's staff and Legislative groups hold hearings with the agencies concerning the strategic plans and measures to be reported. Texas has developed a reporting system to collect performance data. The State Auditor's Office certifies that reporting is reliable.

There are four types of performance measures used: 1) **Efficiency** measures which report costs per unit of output; 2) **Explanatory** measures which provide information regarding reported performance; 3) **Output** measures which count services provided by an agency; and 4) **Outcome** measures which report actual impact and effect. The performance data is generally used for **informative** purposes. Legislators may or may not ask why actual performance varies from forecasted levels or goals. Currently, no system of rewards and penalties is in use.

According to NCSL, the Texas system is becoming more convoluted as legislators every year want to add new measures. The process of creating a vision, mission, goals, strategic plans, benchmarks, and performance measures is very complex. A great deal of time is required to review prior performance, hold hearings for future performance measures, etc. However, legislators do feel that the system gives them a greater voice in setting agency priorities.

It is difficult to tell if PBB in Texas has increased productivity and performance. A review of four years of data shows that many measures have changed from year to year, making trend analysis impossible. Where results have remained constant, performance has almost evenly increased or decreased.

Texas includes performance data right in the appropriations act. (See Appendix 6 for an excerpt.)

Maine

Maine has begun a three-year phase-in process of a PBB system. Budgets are to reflect agencies' strategic plans. The Governor's office is to create a prototype budget bill by December 1999. The statute establishes a "Commission on Performance Budgeting" consisting of six legislators, six agency personnel, and one member from the Judiciary. The Commission is to provide overall guidance and

**North
Carolina**

North Carolina began using performance measures nearly 10 years ago, but only recently have they tried to formalize a process for documenting plans and trying to tie funding to the plans. At the beginning of the budget cycle, agencies and the Governor's staff work out an agreement (similar to a contract) on performance information to be included with their budget requests. The Governor then provides the Legislature a report of key measures and results called "Critical Success Factors" at the beginning of the session. Legislative staff members have started to include performance data in their budget recommendations to the Legislature. After the legislative session, the Governor sends a letter to each agency, listing objectives and measures and requiring them to sign off that they can meet the targets within appropriated funds.

At the end of the fiscal year, agencies must provide a report explaining variances from targeted performance. However, there is currently no method in place to certify performance data. Audits are a couple of years away, and it is unclear who will do them.

Louisiana

In 1996, the Louisiana Legislature initiated a performance-based budgeting system. At a recent Governing Magazine management seminar, the Louisiana House Appropriations Chair, Jerry Luke LeBlanc, said that the state budgeting system at time "was broken." It was a "management by crisis" system. The Governor endorsed the legislative initiative and communicated his support to upper level management and department heads. He also incorporated the concept into his efforts to improve customer service in state government. In selecting key objectives and performance indicators, consensus was sought among legislative and the Governor's staff, as well as executive agency personnel.

Performance data had been included in the executive budget for many years, but was of inconsistent quality since it did not play a significant role in the decision-making process. The new legislative initiative started with the existing framework. It placed key performance data in the actual Appropriations Bill. All state agencies, including higher education and the judiciary are included.

At the same Governing Magazine management seminar, the Louisiana House Appropriations Chair stated that "legislative debate is now focused on a higher level. They're looking at performance data now." He also stated his belief that the public now has a better understanding of the appropriation process and that public confidence in government has risen. Public approval rating of the Legislature doubled in the last two years.

4. Federal Government and PBB

The federal “Results Act” attempts to shift focus from details of expenses to goals and results.

The General Accounting Office (GAO) recently completed a review of the federal Government Performance and Results Act of 1993 (the Results Act). A key expectation of this act is that Congress will gain a clearer understanding of what is being achieved in relation to what is being spent. It attempts to shift focus from detailed items of expense—such as salaries and travel—to the allocation of resources based on program goals and measured results. The Results Act is the most recent of a series of federal initiatives embodying concepts of performance budgeting.

GAO’s assessment of fiscal year 1999 performance plans found that agencies generally covered the program activities in their budgets, but most plans did not identify how funding would be allocated to achieve performance goals. Most goals were focused on outputs, not outcomes.

Agencies were significantly more likely to have allocated funding to program activities if they (1) showed simple, clear relationships between program activities and performance goals; (2) fully integrated performance plans into congressional budget justifications; or (3) had changed their program activity structures to reflect their goal structures.

Much remains to be done if performance information is to be more useful for budget decision-making in the federal government. Challenges in performance planning and measurement and deficiencies in cost accounting systems continue to confront federal agencies.

C. Performance Based Budgeting Efforts in Utah

Performance measurement is nothing new to Utah. Besides fiscal accountability, Federal, state and local governments require an accounting of how funds have been used. Many of these reports include some form of performance measurements, including input, output, efficiency, and outcome indicators. Some state agencies have statutory requirements to report results. However, there is no uniform, statewide effort currently in place in Utah to tie performance to the budget process.

1. Utah Tomorrow Planning Process

If some form of performance measurement is to be included in the annual budgeting process, the next logical step is to examine what mechanism will be needed to develop and present those performance measures. Of the existing mechanisms the most visible is the Utah Tomorrow Strategic Planning Committee and the annual Utah Tomorrow Strategic Plan.

What is Utah Tomorrow?

Utah Tomorrow is a broad-based, ongoing strategic planning effort designed to enable all segments of Utah government to focus on and measure progress toward specific goals for Utah's future. A Strategic Planning Committee with statutory authority (Section 36-18-1) governs the Plan. It is comprised of members from both Legislative bodies, the Executive Branch, the Judiciary, elected officials of political subdivisions, and the public at large. The Utah Tomorrow Plan includes broad vision statements, more specific agreed-upon goals and objectives, and performance measures to gauge progress toward the goals. The development and refinement of performance measures, data collection, and performance monitoring is coordinated by the Governor's Office of Planning and Budget.

During the annual General Session, goals, and objectives of the Utah Tomorrow Strategic Plan are presented to the Legislature for their consideration. These are discussed, and in some cases adopted, by the standing committees of the Legislature. Thus standards for state government agencies and local governments are set in place to be used as a guide in various policy and planning activities.

The Utah Tomorrow Strategic Plan is organized around ten broad subject areas. Any single subject area may impact the operations of several state and local governmental entities and private organizations. Conversely, a given agency may find in more than one subject area, goals, objectives, and performance measures pertinent to its budget and programs. For example, the Utah Department of Health will have an obvious interest in the Health and Safety section of the plan. But it will also be impacted by goals in other sections of the Plan, including Government, Education, and Environment, Natural Resources, and Agriculture.

Current Status

The Utah Tomorrow Strategic Planning Committee and its annual planning document are evolving. The traditional Utah Tomorrow document is probably going to be replaced by two companion publications. The first will be a reduced version of the old format with benchmarks and expanded text and explanations. This new version would be available on the internet for access by the public. A second, more concise, version would include more graphics and, presumably, a few key targets/goals for each Department. This smaller volume would be printed and widely distributed.

Utah Tomorrow could serve as a reference in the budgeting process.

Although it identifies a multitude of measures to gauge the State’s progress towards its goals and objectives, Utah Tomorrow is a strategic planning process, not a budgeting vehicle. Recently, the Utah Tomorrow Strategic Planning Committee was asked by the Fiscal Analyst to consider the pros and cons of using Utah Tomorrow as a budgeting tool. The Committee responded that Utah Tomorrow is an inappropriate vehicle for direct linkage to a budgetary process. However, they did suggest that the Utah Tomorrow plan might serve as a reference for agencies’ budgets and performance plans. Agencies’ goals, objectives, and performance measures should be in harmony with the Utah Tomorrow Strategic Plan. The Legislative Fiscal Analyst could provide a more intense coordination between Utah Tomorrow and a budget-related performance process.

2. Salt Lake City Performance Based Budgeting

Salt Lake City integrated a Strategic Planning process and a Performance Budgeting process two years ago. The key elements of this integrated process are:

- ▶ Departments are encouraged to utilize the employees to establish long-range goals, short-term objectives, and relevant measures of performance results.
- ▶ Performance measures are to be developed relevant to their strategic goals before determining their budget requests.
- ▶ A few “vital” outcome measures from the many measurements maintained by the department are to be identified and reported.

Four common goals have been established in the Salt Lake City budget and planning documents to which the reported measures should relate:

- a. Customer satisfaction** - Achieve high levels of customer satisfaction for delivery of quality municipal services;
- b. Financial Health** - Maintain a sound, stable financial position minimizing taxpayer burden for production of quality municipal services;
- c. Efficiency and effectiveness** - Be the leader in providing responsive and efficient municipal services among the cities with which we compare; and
- d. Workforce quality** - Sustain an exceptionally qualified, committed workforce that reflects the diversity of the community we serve.

The coordinated planning process provides employees with a clear “line-of-sight” between their own objectives and daily activities and the city’s key goals. Performance measurement data are available to the City Council (legislative perspective) to:

- ▶ Assess what the city bought with the previous year’s appropriations;
- ▶ Consider alternate levels of service and the associated costs; and
- ▶ Communicate this data to taxpayers as “consumers”.

Each department compiles a short summary of the “Service Level Indicators” listing the key performance measures for each of the four common goals. The performance measurement is listed with the fiscal year target and then a monthly statistic. The statistics are colored green if the target is achieved, yellow if the target is not being met, but a positive trend is evident, and red if the target is not met and the trend is negative. The department “Service Level Indicators” data along with the targets and projections are summarized on the last page of each department’s budget in the Mayor’s Recommended Budget FY 1999-2000. Mayor Corradini stated that:

“ . . . the FY 1999 budget will be a performance budget, allocating financial and human resources to the accomplishment of desired outcomes on behalf of the people of Salt Lake City.” (Memo from Mayor Corradini, October 16, 1997)

3. PBB in the State Budget Process

Most state agencies make some use of performance data in telling their story to the Legislature and the public, as well as for internal management. Their complex missions require a variety of measures to evaluate whether stated objectives are being achieved. Agencies vary considerably in their efforts to use performance measures as a management or a budgeting tool.

Legislative use of performance measures has been inconsistent. In the Legislative Fiscal Analyst’s Office, most analysts use performance measures to develop the budget recommendations for the Legislature. These indicators vary by type, complexity and in number. Some appropriation subcommittees, such as the Education committee, have used them significantly in their budget deliberations. Some other committees rarely request this kind of data or make use of it. Although the measures have no **direct** linkage to budgets, they have been used on occasion to recommend a reduction or increase. The Legislative Fiscal Analyst could give added emphasis to performance data in appropriation sub-committee presentations.

While there is no general requirement, some state agencies have statutory requirements to provide performance data. Some examples are:

The Division of Child and Family Service (62A-4a-117): Statute requires an annual performance outcome report. (See Item D in this report.)

The Department of Community and Economic Development: This agency uses the “Tourism Marketing Performance Fund” to develop travel promotion plans. The Utah Code states the “appropriation for the fund shall be determined by measuring the economic growth in the travel and tourism industry in excess of the previous year’s taxable sales . . .” (9-2-1703).

Applied Technology Centers and Service Regions: In the FY 2000 Appropriations Act, Applied Technology Centers and Service Regions were given \$1.7 million for program development. Distribution of these funds . . .

“ . . . shall be distributed according to performance and productivity measures developed and adopted by the Joint Liaison Committee. They shall include competency measures, placement measures, recognition of growth needs, and enrollment measures.” (HB1, Item 255, “Annual Appropriations Act, 1999 General Session)

4. Performance Requirements in the Department of Workforce Services

Performance measures are used throughout the Department of Workforce Services. They are used to evaluate activity, allocate resources, report results to the federal government and monitor the impact of time limits and other welfare reform policies.

Performance measures have been used by the federal government in determining the allocation of welfare funds to the states. Job training funding is allocated based on overall state unemployment rates. The Temporary Assistance for Needy Families Program (TANF), formerly known as Aid to Families with Dependent Children (AFDC), has a more complex formula.

TANF Work Participation Requirements

Federal TANF laws require states to report on “work participation rates” which measure the level of participation in work or work preparation (education and training). Each state must meet two separate work participation rates which increase annually. The minimum participation rate for adults in all families (the overall rate) started at 25% in FY 1997, but is 40 percent in FY 2000 and rises to 50 percent in FY 2002 and thereafter. The minimum participation rate for adults in two-parent families (the two-parent rate) was 75 percent in fiscal years 1997 and 1998, but has now increased to 90 percent.

Fiscal Year	Overall Rate	Two Parent Rate
FY 1997	25 percent	75 percent
FY 1998	30 percent	75 percent
FY 1999	35 percent	90 percent
FY 2000	40 percent	90 percent
FY 2001	45 percent	90 percent
FY 2002	50 percent	90 percent

A State that fails to meet participation rates will be subject to a financial penalty. The rules provide limited criteria for forgiving State penalties under "reasonable cause". They also forgive State penalties if the State achieves compliance under an approved corrective compliance plan. States may define key terms, including the activities that count as work (within the limits of the statute). This gives States overall flexibility to design programs in a way that will address their unique needs and circumstances.

D. Performance Measurement Efforts in Utah’s Child Welfare System (Division of Child and Family Services – DCFS)

“How outcomes for child welfare systems are measured is changing. The majority of child welfare systems nationwide can only count cases and case activities. However, significant information system development and leadership by federal and advocacy organizations are creating an improved data environment where system comparison on several trends and outcome measures may soon be practical.”

(DCFS: The Performance Milestone Plan, page 77)

The Utah Division of Child and Family Services is no stranger to performance measurement efforts. There are numerous external and internal efforts at measuring the quality of services provided.

1. David C. Court Settlement

The David C. Court Settlement agreement which governed DCFS child welfare services from 1994 to 1998, along with the State’s own child welfare reform legislation, required a multitude of service standards and reports. However, these were more process oriented and would be regarded largely as input/output, and quality service measures. (See Appendix 2 for a detailed discussion.)

2. Federal Reporting Requirements

In November 1997, Congress enacted the Adoption and Safe Families Act (ASFA). The Department of Health and Human Services, in consultation with state and local officials, was directed to develop a set of outcome measures to assess the performance of states’ child protection and welfare programs. As much as possible, the measures were to be developed from data available in the Adoption and Foster Care Analysis and Reporting System (AFCARS) and the National Child Abuse and Neglect Data System (NCANDS). The Secretary of the Department must submit an annual report to Congress reporting on the performance of each state beginning in 1999. Although no report has yet been made, the outcomes and performance measures have been developed. (See Appendix 3)

In addition to the federal government’s requirements, the Division has been reporting some performance data to the Child Welfare League of America’s National Data Analysis System for a number of years.

3. Child Welfare Outcome Measures – Utah Legislative Requirements

House Bill 265 (1994 General Session) required DCFS to

“. . . develop quantifiable outcome measures for the key elements of each area in the child welfare system, including foster care and other substitute care, child protective services, and adoption.”

The 1996 Legislature amended the code and instructed DCFS to “develop a performance monitoring system” by May 1, 1996, with a report required by June 1, 1996 to the Child Welfare Legislative Oversight Panel. The system was to be fully implemented by October 1, 1996. It requires the Division to submit a report annually by December 31 to the Legislative Fiscal Analyst Office and the Office of Legislative Research and General Counsel that describes differences between actual performance and goals for the prior fiscal year.

“The Legislative Fiscal Analyst shall convey the information contained in that report to the Health and Human Services Appropriations SubcommitteeThe subcommittee may consider that information in its deliberations regarding the budget for the division. The director of the Office of Legislative Research and General Counsel shall convey the information in that report to the Child Welfare Legislative Oversight Panel and to the Utah Tomorrow Strategic Planning Committee.” (62A-4a-117(6))

The first report, entitled Performance Monitoring System, Outcome Measures, FY 1997, was presented to the Legislature in December, 1997. The Legislature received a second report, Outcome Measures Report FY 1998, the following year. Although presented to the appropriation subcommittee, the reports have so far had little impact on the budget deliberations. (See Appendix 4 for a detailed discussion of the Outcomes Measures Report.)

4. The Performance Milestone Plan

In September 1998, the Court directed the Division to develop a long-term plan to guide program and service development. The Performance Milestone Plan was drafted collaboratively between the Division and the Child Welfare Policy and Practice Group (CWPPG) of Montgomery, Alabama. The Court received the Milestone Plan on May 3.

Part of the Court order instructs DCFS to design new, more valid and instructive measures of performance. The measures chosen include both process and key outcome indicators. The monitoring process, like the selection of performance measures, is designed to: 1) provide data to the court and other parties about system performance; and 2) provide information to the Division for corrective, continuous quality improvement.

The Plan has identified eight basic “practice principles” which form the basis for 15 “practice standards.” These practice standards must be consistently applied for DCFS to meet its mission objectives and to put the eight principles into action.

The outcome measures used in the Milestone Plan, with few exceptions, are the same as the measures used in the Outcome Measures Report for FY 1998. (See Appendix 5 for a detailed discussion of the Milestone Plan.)

E. Conclusions

1. Summary

Performance information can play a useful role in the budget process, but it is only one of many factors that should be considered. Performance budgeting cannot be viewed in simplistic terms. The process of budgeting is inherently an exercise in political choice in which performance information can be one, but not the only, factor underlying decisions. Ultimately, the promise of a performance budgeting initiative lies in its potential to more explicitly infuse performance information into budgetary deliberations, thereby changing the terms of debate from simple inputs to expected and actual results.

2. Recommendations

a. Utah should initiate a statewide PBB system.

The Fiscal Analyst recommends that Utah initiate a performance-based budgeting process. It is further recommended that Executive Branch agencies and the Judiciary develop and include key performance measures with their annual agency budget requests. These measures would be a main item of discussion and evaluation by the Legislature during its annual general session budget deliberations. The following suggestions and comments bear on the development and use of such performance measures in a PBB system:

- ▶ Where appropriate, it should reference the Utah Tomorrow strategic planning process. The shorter-term goals and measures of a PBB system should not be created separately from the long-term strategic goals of the Utah Tomorrow document.
- ▶ PBB initiatives must involve the Executive, Judicial, and Legislative branches. In the past, both state and federal government initiatives have failed because the executive branch developed plans and performance measures in isolation from legislative oversight and budgeting processes. PBB is most effective when all participants agree on the vision, mission, goals, objectives, and performance measures that are used.
- ▶ While outcome measures will receive major emphasis in determining successes or failures of programs, other measures, such as input, output, and quality measures, should not be ignored in program evaluations. The Fiscal Analyst will work with agencies to develop performance data, which will then be used as part of the general session budget reviews.
- ▶ The Legislative Fiscal Analyst should review goals and measures to ensure consistency with current legislative policy. However, periodically, the Legislative Auditor General's staff should provide an objective review and validation of the process and its performance measures. The Legislature may consider replacing the annual "in-depth budget review" with an "in-depth performance review." This could involve a joint effort between staff of the Office of Legislative Fiscal Analyst and the Auditor General.
- ▶ Recognize that the concept of performance budgeting will likely continue to evolve. Likewise, the process of implementing PBB should be considered a multi-year project.

- ▶ Setting performance goals and measures must be done carefully to avoid unintended shifts in program emphasis. These should be reviewed and refined as experience indicates.
- ▶ Keep the number of measures before the Legislature small. There is not enough time during the session for proper evaluation of a large number of indicators. Additional performance data can be made available in back-up documents and upon request.
- ▶ After Executive, Judicial, and Legislative branches have agreed upon performance measures, the Executive branch should monitor and report the data. Results should be included in the annual budget submissions. Legislative review of performance data should be a major part of legislative budget hearings. The Legislative Fiscal Analyst's budget presentations will be formatted for easy reference to the performance data.
- ▶ Direct linkage of performance goals to funding is difficult, and at present, impractical. Direct linkage may raise expectations in executive agencies and could reduce legislative powers to allocate and reallocate resources. However, as the project evolves, there may be specific programs that will be conducive to direct linkage.

Implementation of a PBB process should be phased in over several years.

Implementation of a statewide effort to connect performance measures with the budget process in a more formal PBB process will take time. Virginia started its process in 1990 and is still progressing. Most states take three to five years to bring all state agencies "on board." In Utah, most agencies are adept at reporting process measures such as input, output, and quality. A valuable PBB system should emphasize outcome measures in addition to these other information. The following is a suggested timeline for such implementation.

Year 1, 2000 (FY 2002 Budget Cycle): Inventory state departments (including the Judiciary and the Legislative branches) on level of performance reporting capability, especially in the area of outcome measures. Establish an executive branch process to oversee the development of agencies' performance measures. The Legislature should be involved in the approval of measures that agencies will report with their budgets. This approval could take place during interim appropriation subcommittee meetings. Select one or more departments to be included in a pilot PBB process for that year's budget cycle. Legislative Analysts will highlight that data in the budget reports.

Year 2, 2001 (FY 2003 Budget Cycle): Based on results from the inventory and pilot program, expand the PBB program to more state agencies. Re-design Governor's budget process and documents to show key performance measures (especially outcomes or results) along with agencies' proposed funding levels. Where appropriate, requested budget increases should show expected impacts on performance data. If such a request is funded, subsequent years' performance reports should report on those claimed performance improvements. Fiscal Analysts' budget presentations will focus budget discussions on agency performance and results.

Year 3, 2002 (FY 2004 Budget Cycle): Evaluate effectiveness of PBB and its impact on the budget process. Survey legislators and agency staff on their impressions and usefulness of the PBB system. Based on results of trial efforts, surveys and evaluations, draft legislation to make PBB statutory.

**b. DCFS
Performance Based
Budget should
include key outcome
measures in three
key areas.**

The following is an example of how the budget for DCFS could be presented with key performance indicators. The Analyst recommends that outcome measures reference the three main areas of child welfare concern: Protection, Permanency, and Well-being. The Division and the Executive Branch have developed many performance measures and should continue to improve on them. The four measures detailed here were chosen after analysis and discussions with DCFS. The Legislative Fiscal Analyst would present the performance data analysis along with annual budget recommendations as shown in the following pages.

It is hoped that this kind of data will provide legislative decision-makers with information to better evaluate proposed budgets and better enable them to ask key questions about agency programs' effectiveness. It should help focus the budget discussions on performance and results.

3. Example: Performance Based Budget for the Division of Child and Family Services

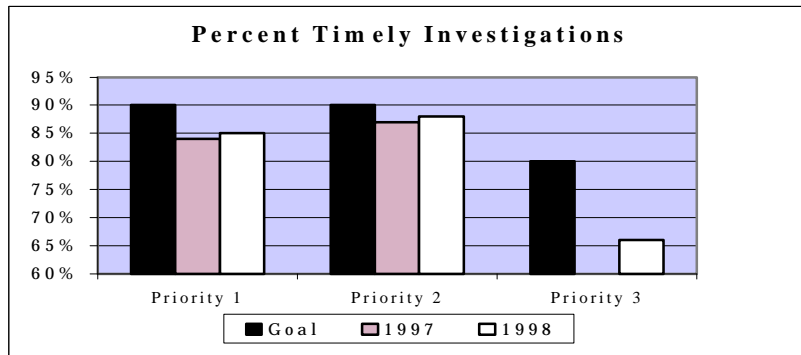
The following is an example of how the budget for the Division of Child and Family Services might appear in the Governor's Budget Recommendation or in the Fiscal Analyst's report to the appropriation subcommittee. First is a summary of four key indicators. Second is an overall Division budget recommendation. At the end is additional information regarding the performance measures used.

DCFS PERFORMANCE OUTCOME MEASURES SUMMARY:

- GREEN**: Goal met
- YELLOW**: Goal not met, but progress being made
- RED**: Goal not met and performance deteriorating

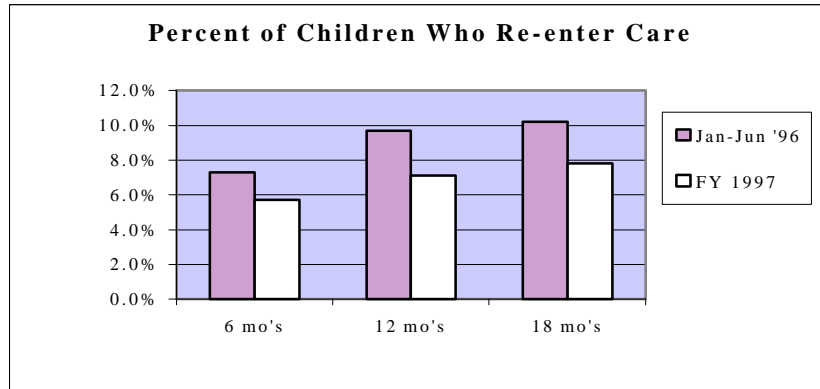
#1: Percent Child Protective Service Investigations Initiated Within Required Timeframe:

YELLOW



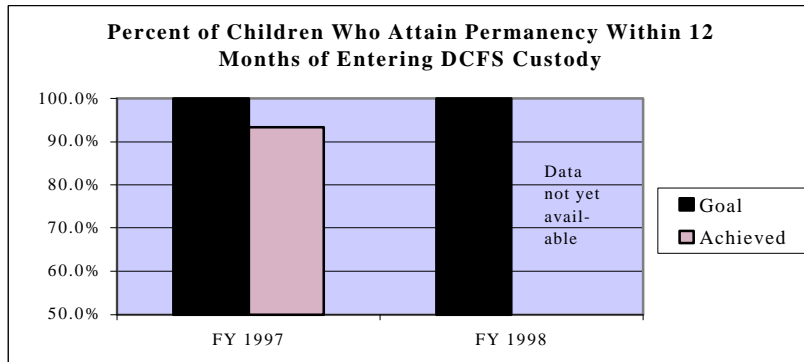
#2: Percent of Children Who Re-enter Out-of-home Care Within 6, 12, or 18 months.

GREEN



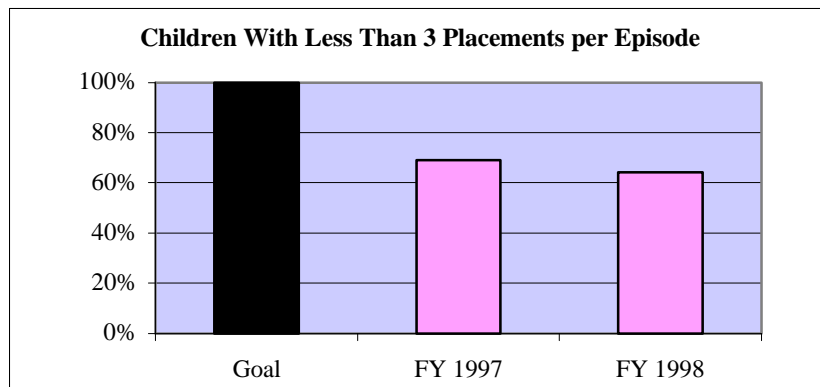
#3: Percent of Children Who Attain Permanency Within 12 Months of Entering DCFS Custody

YELLOW



#4: Percent of Children in DCFS Custody With Less Than Three Placements Per Service Episode

RED



**Fiscal Analyst's Recommended FY XXXZ Budget
for the Division of Child and Family Services**

DEPARTMENT OF HUMAN SERVICES				
DIVISION OF CHILD AND FAMILY SERVICES				
Financing	FY XXXX Actual	FY XXXY Authorized	FY XXXZ Analyst	FY XY-XZ Difference
General Fund	\$57,795,800	\$59,872,200	\$59,142,300	(\$729,900)
Free Revenue Misc.	19	-	-	-
Gen. Fund Restricted	900,000	900,000	900,000	-
Federal Funds	36,767,478	36,906,600	34,307,200	(2,599,400)
Federal Funds (SSBG transfers)			1,234,800	1,234,800
Dedicated Credits	1,993,091	2,438,500	3,144,200	705,700
Transfers	11,987,693	14,153,700	17,941,800	3,788,100
Beginning Nonlapsing	783,687	1,637,600	-	(1,637,600)
Ending Nonlapsing	(1,637,619)	-	-	-
Lapsed to Restricted	(115,337)			
Total Revenues	\$108,474,812	\$115,908,600	\$116,670,300	\$761,700
FTEs		1,034.8	1,039.8	5.0
Expenditures				
Personal Services	\$41,822,818	\$42,822,400	\$42,971,300	\$148,900
Instate Travel	999,568	1,002,800	1,007,100	4,300
Out of State Travel	80,366	80,500	85,500	5,000
Current Expense	10,693,790	11,423,100	12,106,300	683,200
Data Proc. Current Exp.	6,937,644	5,598,700	3,686,300	(1,912,400)
DP Capital Outlay	117,148	117,200	115,600	(1,600)
Capital Outlay	29,711	44,300	44,300	-
Pass Through Expense	47,793,767	54,819,600	56,653,900	1,834,300
Total Expenditures	\$108,474,812	\$115,908,600	\$116,670,300	\$761,700
Programs				
Administration	\$9,416,239	\$8,273,400	\$6,662,500	(\$1,610,900)
Service Delivery	47,589,319	49,016,600	49,249,900	233,300
In-Home Services	1,659,710	1,347,100	1,347,100	-
Out-of-Home Care	29,588,881	32,861,100	34,128,700	1,267,600
Facility Based Services	2,779,667	3,441,400	3,566,400	125,000
Minor Grants	2,076,221	2,053,700	2,053,700	-
Selected Programs	5,152,400	5,760,200	5,760,200	-
Special Needs	1,473,757	1,650,900	1,650,900	-
Domestic Violence	2,986,204	3,773,400	4,273,400	500,000
Children's Trust Fund	257,698	350,000	350,000	-
Adoption Assistance	5,494,716	7,380,800	7,627,500	246,700
Total	108,474,812	115,908,600	116,670,300	761,700

Budget Discussion:

In the Analyst's presentation to the Appropriations Subcommittee, there would be brief discussions of the Division's purposes, goals, and achievements. There would also be a discussion of issues and problem areas, some of which would be identified by the performance indicators. Example of some pertinent comments follow.

The challenge for DCFS is not new funding, but maximizing current resources.

Overall, the Division of Child and Family Services appears to be adequately funded. Data comparing funding for child welfare services in Utah is close to the national average per population. However, it is below the average when comparing funding per child under 18 years old. Caseload is very close to standards promulgated by the Child Welfare League of America. Considering the budget increases DCFS has seen since 1994, the funding challenge is not necessarily budget increases, but rather how to maximize the effectiveness of current resources.

There is a serious staff turnover rate in DCFS.

DCFS still has a serious problem with high employee turnover, currently running about 30 percent a year. Reasons are many, including low starting salary for college graduate entry level positions such as case workers which is below the starting salary of entry level prison guards. Another reason is the stressful nature of child protective service work which sometimes involves removing children from their homes. And it may be that the Division is not making adequate efforts to “nurture” new employees.

At this time, comparing outcomes to other states is premature.

Comparing performance and outcomes with national averages and other states is very difficult, really premature, at this time. State, local, and private child welfare agencies are in various stages of developing valid performance measures. The federal Department of Health and Human Services is developing a data system with outcome reporting requirements that are to be comparable across all states. The first report was due in May of this year. However, it is yet to be published.

ADDITIONAL INFORMATION REGARDING PERFORMANCE MEASURES USED IN THIS REPORT:

Performance Measure 1: Percent of CPS investigations initiated within the time period mandated by statute, regulation, or policy.

This is probably the best indicator that the Division is performing its main function of protecting children from abuse and neglect. There are three categories of seriousness. Category one, the most serious, must be responded to within one hour; category two within 24 hours; and category three within 72 hours. Overall, for FY 1998, investigations were initiated within required time limits 71% of the time. This rate was 85% for priority 1 cases. The outcome and goal this measure relates to is shown below, along with actual data.

PROTECTION - Outcome 1: *Protect children who are referred to Child Protective Services (CPS) from abuse, neglect and dependency.*

Performance Goal: *Increase priority 1 and 2 response rates for CPS referrals to 90%. Increase priority 3 response rates to 80%.*

Percent of CPS Investigations Initiated Within Required Time Period							
	FY 1997				FY 1998		
<u>Priority</u>	<u>Goal</u>	<u># On Time</u>	<u>Total</u>	<u>Percent</u>	<u># On Time</u>	<u>Total</u>	<u>Percent</u>
Priority 1	90%	885	1,053	84%	557	648	85%
Priority 2	90%	2,660	3,070	87%	2,775	3,159	88%
Priority 3	80%	*	12,616	*	8,398	12,700	66%
Total			16,379		11,730	16,507	71%
<i>*Data not currently available in SAFE</i>							

Performance Measure 2: Percent of children who re-enter out-of-home care within 6, 12, and/or 18 months.

This information reflects the success of service delivery as well as success in selecting appropriate permanence goals for children in DCFS custody. Data available (shown below) indicate that the recidivism rate has decreased from FY 1996 to FY 1997, which is in line with the goal stated. Note that the goal is not specific, but just general in nature.

PROTECTION – Outcome 2: *Reduce the recidivism rate.*

Performance Goal: *Reduce the number of children who have an additional substantiated CPS (Child Protective Services) referral within 12 months of case closure.*

Children who re-enter "Out-of-Home Care" within:							
Fiscal Yr	# Clients	6 months	%	12 months	%	18 months	%
Last half of 1996	658	48	7.3%	64	9.7%	67	10.2%
1997	1,466	84	5.7%	105	7.1%	114	7.8%

Performance Measure 3: Number and percent of children who attain permanency within 12 months of entering DCFS custody.

This data pertains to the timeliness and effectiveness of moving children into permanency. For FY 1997 (last year data is available), 1,665 children entered out-of-home care. Of these cases, 842 (51%) attained permanency through custody termination. Another 712 children (43%) were assigned a permanency goal within one year. The related outcome, performance goal and data is shown below.

PERMANENCY-Outcome: *Establish a permanent placement within a reasonable amount of time.*

Performance Goal: *Ensure that 100% of children in DCFS custody have an established permanency goal.*

Children Who Attain Permanency Within 12 months of Entering DCFS Custody					
	Goal	FY 1997		FY 1998	
		Number	Percent	Number	Percent
Number of Children Who Entered Care:		1,665			
Number of Children Who Achieved Permanency Thru:				Data not yet available	
a. Custody Termination		842	50.6%		
b. Being Assigned a Permanency Goal		712	42.8%		
Total Children Achieving Permanency:	100.0%	1,554	93.3%		

Performance Measure 4: Percent of children experiencing fewer than three placement changes within a service episode.

This measure is an indication of the success of workers in matching children's needs with placement. It also reflects on the availability of appropriate neighborhood foster homes. All changes of placement are not negative. Some placement changes reflect a movement towards a less restrictive situation (such as moving from the State Hospital to a group foster home).

For FY 1997, 31% of the children in custody experience three or more placement changes, or about 69% had less than three placements. The average number of changes for all children was 2.1. In FY 1998, the numbers were 64% and 2.6, respectively. This indicates an increase in the number of placements children receive. This is a trend away from the state goal.

WELL-BEING – Outcome: *Provide foster children with stable and safe environments that meet their needs.*

Performance Goal: *Reduce the average number of foster care placement changes to less than three changes per service episode per foster child.*

Children With Less Than 3 Placements per Episode		
	FY 1997	FY 1998
Total Number Children	2,193	2,356
Number of Children With Less Than 3 Placements	1,514	1,510
Percent Children with More Than 3 Placements	69.0%	64.1%
<i>Goal: 100% (No Children Will Experience 3 or More Placements)</i>		

APPENDICES

APPENDIX 1: Budget Process in the States

<u>State</u>	<u>Traditional/ Incremental</u>	<u>Performance- Based</u>	<u>Program- Based</u>	<u>Zero- Based</u>	<u>Combination</u>
Alabama			X		
Alaska	X				
Arizona*	X				
Arkansas	X				
California*	X				
Colorado*					X
Connecticut*	X				
Delaware*					X
Florida*	X				
Georgia			X		
Hawaii			X		
Idaho			X		
Illinois*					X
Indiana*	X				
Iowa*					X
Kansas*	X				
Kentucky	X				
Louisiana*		X			
Maine*	X				
Maryland*					X
Massachusetts*					X
Michigan*		X			
Minnesota*	X				
Mississippi	X				
Missouri	X				
Montana	X				
Nebraska*					X
Nevada*	X				
New Hampshire	X				
New Jersey*					X
New Mexico	X				
New York			X		
North Carolina*	X				
North Dakota	X				
Ohio	X				
Oklahoma*	X				
Oregon*	X				
Pennsylvania	X				
Rhode Island			X		
South Carolina*	X				
South Dakota			X		
Tennessee*	X				
Texas		X			
Utah			X		
Vermont*					X
Virginia*					X
Washington	X				
West Virginia*	X				
Wisconsin			X		
Wyoming			X		

Definition of Categories:

Traditional/Incremental: Focuses on the inputs of government, such as the base budget and changes from the base. Sometimes employs line items to strictly control expenditures by type (salaries, current expense, etc.) by program.

Performance-Based: Focuses on the achievement of measurable objectives, which in turn are related to the agency's mission and goals.

Program-Based: Focuses on the program activities of government. Often agencies receive lump sum appropriations for all programs, rather than a line-item appropriation for each program. Agencies have budget flexibility to move money across expenditure types (salaries, current expense, etc.) across programs.

Zero-Based: Focuses on justifying the base budget from the ground up during each budget session.

Combination: Most states use a combination of approaches. For example, some states use a modified zero-based budget approach, wherein agencies are directed to prepare a 75% base budget and justify the remaining amount from the ground up. In addition, most states have been gathering performance information in one form or another.

Foot Notes:

Arizona--The State is required to convert all agencies to a program-based budget by FY 2006.

California--Generally, traditional budgeting is used with program-based presentations, including allocations of funding and personnel by program area.

Colorado--The General Assembly can require departments to submit zero-based budget requests. The General Assembly also has entered into performance-based memoranda of understanding with certain departments or agencies.

Connecticut--Although the budget is program-based and program measures are displayed in both the governor's document and the Legislative Budget Report, much of the work on the budget is more traditional (major object, line item) than program-based.

Delaware--Starts with a zero-based budget, but combines this with performance and traditional approaches.

Florida--The state has enacted requirements for performance-based budgeting that are being phased-in.

Illinois--The budget is traditional with some aspects of program-based.

Indiana--Budget instructions require some productivity data.

Iowa--The budget is a combination as required by code. Each budget is modified zero-based (75 percent) completed for each program level. Performance measures are to be included at each level.

Kansas--Although still largely based on traditional methods, performance measures are requested of agencies and reviewed by the governor and Legislature in formulating the budget.

Louisiana--Act 1465 of 1997 mandates performance budgeting.

Maine--Current statutory language calls for state government to fully implement performance budgeting for the 2000-2001 biennium.

Maryland--The budget is organized into programs. Some attention is paid to performance measures, with a trend toward increased reliance on them.

Massachusetts--The legislative budget incorporates program-based budgeting and traditional budgetary analysis methods. A comprehensive overview of each agency's count of full-time employees, programs and their spending levels, and administrative spending is prepared by the governor's Budget Bureau and the House and Senate Ways and Means Committee budget staff.

Michigan--The budget is performance-based, although appropriation bills contain objects of expenditure in some instances.

Minnesota--The budget is mostly traditional, but partly program-based. The state is attempting to bring performance measures into consideration.

Nebraska--The appropriation structure is program-based. Requests are built in a traditional and modified zero-based structure.

Nevada--The traditional structure is moving toward a performance-based structure.

New Jersey--The state has a program-based budget, but it is constructed and displayed by department. Although there are several summary pages showing program allocations across organizational lines, most of the budget is organizationally organized. Also, the budget still displays allocation by spending object (e.g., salaries, materials and supplies, etc.) as well as by program.

North Carolina--In 1997, the governor submitted a performance-based budget that the General Assembly did not adopt.

Oklahoma--The state uses incremental budgeting. However, during the last several years the state has begun to move toward program-based budgeting, with mixed results.

Oregon--Budgeting is predominantly traditional, but also has elements of performance-based (application of benchmarks), program-based (sub-agency level or program identification) and zero-based (includes discussion of 10 percent to 20 percent reduction packages).

South Carolina--The House Ways and Means Committee is placing greater emphasis on agency accountability reports for FY 1996-97 in developing budget recommendations for FY 1998-99.

Tennessee --Defined by statute, budgeting is zero-based. However, the state practices a continuation of required programs plus essential improvements.

Vermont--A combination of traditional and performance-based budgeting is used.

Virginia--Program budgets organize the Appropriation Act, and performance measures are coming into use as a way to examine agency activities. Most executive budgets, however, begin with some calculation of a base, i.e., the approximate amounts required to continue current activities and caseloads.

West Virginia--The starting point in considering the request for the next fiscal year is the current level of funding and the additional money necessary to maintain the current level after factoring in inflation, etc. Performance measures are agency or department matters, and programs are ranked within agencies or departments in order of importance. There is little discussion in legislative hearings about these matters. The emphasis is on current levels and whether funds are available to enhance programs or add projects or programs.

APPENDIX 2: David C. Court Settlement

In February 1993, the National Center for Youth Law (NCYL) filed suit in U.S. District Court over alleged deficiencies in Utah's child protective services system and foster care system. In January 1994, the Legislature passed the Child Welfare Reform legislation. In August 1994, the State and the plaintiffs in the lawsuit signed an agreement known as the David C. Court Settlement. Since 1994, the Legislature has more than doubled the operating budget and staff of the Division of Child and Family Services. Approximately \$80 million in new funding for the Division and the Attorney General's Office can be attributed to requirements of the lawsuit and reform legislation. The settlement agreement expired in August 1998. The Court directed the Division to develop a long-term plan to guide program and service development. In April 1999, the Division published a draft of "The Performance Milestone Plan."

The David C. Court Settlement agreement contained 94 stipulations specifying compliance requirements in the following ten areas:

- 1) Child Protective Services
- 2) Family Services
- 3) Shelter Care
- 4) Quality and Safety of Out-of Home Care
- 5) Health Care for Foster Children
- 6) Mental Health Care for Foster Children
- 7) Education for Foster Children
- 8) Case Planning and Review, Permanency Planning, Termination of Parental Rights
- 9) Notices, Court Processes, Attorney General and Guardians Ad Litem
- 10) Staffing, Training, Supervision & Accountability

The stipulations focused on policies and procedures within DCFS dealing with reported child abuse and neglect and caring for children entering DCFS custody. Some of the stipulations required DCFS to create or update plans of care for children in custody. Most dealt with process requirements. A court directed monitoring panel provided three compliance reports during the course of the agreement. In many cases, compliance could not be monitored due to lack of data collecting ability. Some examples of compliance requirements:

- ▶ All reports of child abuse or neglect shall be investigated in accordance with the priorities established in policy and within required time limits depending on level of reported severity.
- ▶ Obtain a medical examination of the child no later than 24 hours after report of severe maltreatment, severe physical injury or recent sexual abuse.
- ▶ All children entering DCFS custody shall receive an initial health assessment and periodic assessments within 30 days of removal from the home and very 12 months thereafter.
- ▶ A child may be placed in shelter care for up to 14 days if placement cannot be made with a natural parent, relative, or former foster home. Shelter care may be extended, if approved by the out-of home committee, for another 14 days.
- ▶ A caseworker must visit a child within 2 days of being placed in shelter care, and visit out-of home placements during the first four weeks of placement and at least twice per month thereafter.
- ▶ If a child experiences more than two changes of placement in one year, a "red flag" notice shall be sent to the Regional Director.
- ▶ DCFS shall match children who have mental health problems with the least restrictive placement appropriate to for their needs.
- ▶ DCFS shall ensure that all school age children in custody attend school regularly and comply with all state education laws. Within 10 days of accepting custody of a school age child, DCFS shall develop with the foster parent an individual education plan.

- ▶ DCFS shall prepare a treatment plan for each child within 45 days of entering DCFS custody. All plans shall include a permanency goal.
- ▶ Each child shall have a case review within six months of entering DCFS custody and every six months thereafter.
- ▶ Out-of home care providers shall have the Guardian Ad Litem's (GAL) name, address and phone number and understand the GAL's role in protecting the child's interest.
- ▶ The GAL shall be provided all written notices one week in advance and shall have prompt and continuous access to all DCFS information regarding the child.
- ▶ Train and educate caseworkers in accordance with revised child welfare laws. All caseworkers will receive a minimum of 40 hours of training annually.
- ▶ Complete a comprehensive training plan for foster parents and, where possible, joint training of foster parents with caseworkers.

Under the Court Settlement Agreement, the Division was required to develop quantifiable outcome measures for foster care and other substitute care placement of children in its custody having mental health problems. Compliance with this requirement was included under a broader requirement for performance measures included in the State's Child Welfare Reform Act of 1994 and as amended in 1996.

APPENDIX 3: Federal Child Welfare Outcomes Reporting Requirements

Outcome 1: Reduce Recurrence of Child Abuse and/or Neglect

Measure: Of all children who were victims of substantiated or indicated child abuse and/or neglect during the reporting period, what percentage had another substantiated or indicated report within a 12-month period?

Outcome 2: Reduce the Incidence of Child Abuse and/or Neglect in Foster Care

Measure: Of all children, who were in foster care during the reporting period, what percentage was the subject of substantiated or indicated maltreatment by a foster parent or facility staff?

Outcome 3: Increase Permanency for Children in Foster Care

Measure 1: For all children who exited the child welfare system, what percentage left either to reunification, adoption, or legal guardianship?

Measure 2: For children who exited the system and were identified as having a diagnosed disability, what percentage left either to reunification, adoption or legal guardianship?

Measure 3: For children who exited the system and were age 12 or older at the time of their most recent entry into care, what percentage left either to reunification, adoption, or legal guardianship?

Measure 4: For all children who exited the system, what percentage by racial/ethnic category left either to reunification, adoption, or legal guardianship?

Measure 5: Of all children exiting the system to emancipation, what percentage was age 12 or younger at the time of entry into care?

Outcome 4: Reduce Time in Foster Care to Reunification Without Increasing Re-entry

Measure 1: Of all children who were reunified with their parents or caretakers at the time of discharge from foster care, what percentage was reunified in the following time periods?

- a) Less than 12 months from the time of latest removal from home
- b) At least 12 months, but less than 24 months
- c) At least 24 months, but less than 36 months
- d) At least 36 months, but less than 48 months
- e) 48 or more months

Measure 2: Of all children who entered foster care during the reporting period, what percentage re-entered care within 12 months of a prior foster care episode?

Outcome 5: Reduce Time in Foster Care to Adoption

Measure 1: Of all children who exited care to a finalized adoption, what percentage exited care in the following time periods? (See Outcome #4)

Measure 2: Of all children who exited care to a finalized adoption and who were age 3 or older at the time of entry into care, what percentage exited care during the following time periods? (See Outcome #4)

Outcome 6: Increase Placement Stability

Measure: Of all children served who had been in care for the time periods listed below, what percentage had no more than two placement settings during that time period? (See Outcome #4)

Outcome 7: Reduce Placements of Young Children in Group Homes or Institutions

Measure: For all children who entered care during the reporting period and were age 12 or younger at the time of their most recent placement, what percentage was placed in a group home or an institution?

APPENDIX 4: DCFS OUTCOME MEASURES REPORT

Outcomes Report Measures	Perform. Goal	Actual (FY96)	Actual (FY97)	Actual (FY98)
Percent of CPS investigations initiated within mandated time periods	Priority 2: 90% Priority 3: 80%	Not Avail. Not Avail.	87% Not Avail.	88% 71%
foster care cases with subsequent substantiated allegations of abuse and	Reduce the number and	Not Avail. Not Avail.	clients - 10.7%	clients - 10.4% *1*
with subsequent substantiated reports of abuse and neglect.	number and percent	clients 15%	clients 14%	4,294 clients 12.5% *1*
who do not re-enter out-of-home care within six, 12, and 18 months	percent	6 mo's: 7.3% 18mo's: 10.2% *2*	12 mo's: 7.1% 18 mo's: 7.8%	not yet available
Number and percent of intact families court-ordered, family preservation, and voluntary services, whose cases were child(ren) being placed out-of-home within 12 months.	situations are stabilized at case	1,196 of 1,326 clients – *2*	2,935 of 3,253 90.2%	1,551 of 1,702 91.1% *1*
of-home care, who were victims of substantiated allegations of abuse and	0 %		Not Avail.	215 of 3,999 5.4%
Permanence:				
attain permanency within 12 months of entering DCFS custody.		Not Avail.	1,554 of 1,665 93.3 %	Not yet available
following legal “permanent” placements after 12 to 24 months of child’s removal:	None indicated	Not Avail.	*4* 85.2 %	
Number and percent of all children in custody longer than six months without a	Reduce time for all to attain	On Jan 10, 1999, of 1,603 children in custody for more than 6 months, 412 had no permanency goal.		
age five in custody longer than six months without a permanent goal.	all to attain permanency	age in custody for more than 6 months, three had no permanency goal.		
of parental rights to finalized adoption.	Reduce time to	*5*	Father 12.2	Father 9.24 Mother 9.19
of-home care by year they enter care.	Decrease avg.		15.53 mo's	17.02 mo's

Well-being:	Perform. Goal	Actual (FY96)	Actual (FY97)	Actual (FY98)
Percent of children experiencing fewer than three placement changes an out-of-home care service episode.	Reduce avg. # foster care placements to less than 3 per episode.		Avg. number placements per child: 2.1 Children with less than 3 placements: 68%	Avg. number placements per child: 2.6 Children with less than 3 placements: 63%
Percent of children in out-of-home care who have had an early prevention screening, detection, and treatment examination.	All children in custody receive timely initial medical, dental, mental health examinations.			% children who received initial – Medical 98.8% Dental 99.4% Mental H 99.4%
Number and percent of children in placement by order of restrictiveness.	Maintain children in least restrictive placements			See below*

*Placement of Children in Custody		
Calendar Year 1998		
<i>From most to least restrictive</i>	<u>Number</u>	<u>Percent</u>
Group Residential Treatment	268	12%
Group Home	103	5%
Foster Care	1,553	71%
Other (Kinship, runaways, etc)	271	12%
Total	2,195	100%

- Notes:
- *1* First half of FY 1998 data
 - *2* Last half of FY 1996 data
 - *3* Of 1,665 who entered out-of-home care in FY1997, 842 attained permanency through custody termination and 712 were assigned a permanency goal within one year.
 - *4* Of 1,665 who entered out-of-home care in FY1997, 823 cases were still open after 12 months. Of these 701 in the next 12 months had either attained permanency or had a goal of permanency.
 - *5* Average months from permanent deprivation date of father / mother to case closure.

APPENDIX 5: The Performance Milestone Plan

The September, 1998 Court order directed the Division to develop a long-term plan to guide program and service development. The Performance Milestone Plan was drafted collaboratively between the Division and the Child Welfare Policy and Practice Group (CWPPG) of Montgomery, Alabama. The Court has yet to determine whether the Plan is acceptable.

Part of the Court order instructs DCFS to design new, more valid and instructive measures of performance. The measures chosen include both process and key outcome indicators. The monitoring process, like the selection of performance measures, is designed to: 1) provide data to the court and other parties about system performance; and 2) provide information to the Division for corrective, continuous quality improvement. The Plan has identified eight basic “practice principles.” These form the basis for 15 “practice standards.” These practice standards must be consistently applied for DCFS to meet its mission objectives and put the eight principles into action.

PRACTICE PRINCIPLES:

- a. Protection:** Children have the right to be safe from abuse, neglect, and needless dependency.
- b. Development:** Children and families need consistent nurturing in a healthy environment to achieve their developmental potential.
- c. Permanency:** Children need enduring relationships that provide a sense of family, stability, and belonging.
- d. Cultural Responsiveness:** Children and families should be understood within the context of their own family rules, traditions, history and culture.
- e. Family Foundation:** A safe, permanent home providing a sense of family, stability, and belonging, will assure children a greater chance for healthy personal growth and development.
- f. Partnership:** The entire community shares the responsibility to create an environment that helps families raise children to their fullest potential.
- g. Organizational Competence:** To help insure positive outcomes for children and families, supportive organizations need an effective structure with committed, qualified, staff.
- h. Treatment Professionals:** Children and families need a relationship with an accepting, concerned, empathic worker who can effectively assist individuals in their progress towards positive change.

PRACTICE STANDARDS:

1. Abused or neglected children shall have immediate and thorough assessments leading to decisive, quick remedies for the immediate needs, followed by long-range planning for permanency and well being.
2. Children and families shall be actively involved in identifying their strengths and needs and in matching services to identified needs.
3. Individualized service plans will employ a team consisting of family members (where possible and appropriate) and key support providers. This team will employ a comprehensive Needs Assessment of the child and the family and utilize their strengths.
4. These service plans will include specific steps, along with time frames, to be taken by each team member for accomplishment of goals, and concrete actions for monitoring the progress of the child and family.
5. Service plans and their implementation are built on a comprehensive array of services designed to permit children and families to achieve the goals of safety, permanency, and well being.
6. Children and families shall receive individualized services matched to their strengths and needs and, where required, services should be created to respond to those needs.
7. Critical decisions about children and families are to be made by a team including the child, the child’s family, the family’s informal helping system, foster parents, and formal agency stakeholders.
8. Services provided should respect the cultural, ethnic and religious heritage of children and their families.

9. Services should be provided in the home and neighborhood settings most appropriate for the child and family's needs.
10. Services should be provided in the least restrictive, most normalized settings appropriate.
11. Siblings are to be placed together, or when not possible, they should have frequent opportunities for visits.
12. Children should be placed in settings close to their family and have frequent opportunities for visits.
13. Children in placement are to be provided with support to permit them to achieve their educational and vocational potential with the goal of becoming self-sufficient adults.
14. Children shall receive adequate and timely medical and mental health services responsive to their needs.
15. Services are to be provided by competent and trained staff and providers whose workload permits consistent compliance with these practices.

THE NINE MILESTONES:

The Plan consists of nine "milestones" designed to improve services to children and families. The "milestones" include progress measurements and indicators of milestone achievement. One of the milestones (# 6) defines 14 outcome trends agreed upon between DCFS and CWPPG.

Milestone I: Development, Training and Implementation

A. Measurement processes:

1. Two staff surveys will be conducted (January and September 2001) to measure change in staff perception and understanding of "direct practice."
2. Trend indicators, as reported in the DCFS Annual Outcomes Report, will provide a broad picture of practice change.
3. Case processes review will be conducted by the Department's Bureau of Services Review (BSR) and the Child Welfare Policy and Practice Group (CWPPG).
4. The BSR and CWPPG will complete qualitative reviews.
5. The foster parent survey will be re-introduced in June and July, 1999, to assess the success of key partners in providing care for children in custody.
6. Staff turnover studies will be conducted in May 1999, and in May 2000, to determine if DCFS is providing more stable support and resources to staff members.

B. Achievement Indicators:

1. A new curriculum is developed for training of the Practice Model.
2. A practice model curriculum is contained in employee training.
3. A new practice model curriculum is delivered to all DCFS staff and foster parents.
4. A training system is established for continuous development of direct practice skills.

Milestone II: System Investments

A. Measurement processes:

1. By the year 2005, each regional budget will be based entirely on a distribution formula based on size of geographic area, child population, children living in poverty, and child protective services (CPS) referrals. In FY 1999, 15 percent of each Region's budget was based on this formula with 85 percent based on its historic base budget. For FY 2000, 30 percent will be based on the formula. This number will increase by 15 percentage points until the year 2005.

2. A staff retention strategy will be in place by November 1999, to reduce current unacceptably high staff turnover rates. In addition, the Division has contracted with the University of Utah to provide instruction leading to MSW degrees for employees. The “mentor” requirements of HB 93 passed during the 1999 General Session will be implemented by July 1999. The Division and the Office of Human Resources will, by October 1999, conduct a salary survey of public child welfare staff to include out of state salary structures.

3. The Division will strengthen the foster care provider system by entering into a performance-based contract with the newly created Utah Foster Care Foundation to enhance retention and recruitment of qualified foster parents. “Basic” foster care reimbursement will be increased from \$10.50 per day to \$13.00. “Specialized” care will increase from \$15.75 to \$16.75. Annual foster parents surveys will be continue to provide data used in planning and training.

4. The Child Welfare Management Information System, known as “SAFE,” will be upgraded by the release of version 2.2 in July 1999, and version 2.3 in October 1999. Modules included will enhance the Division’s compliance with federal reporting requirements, Division reporting, and outcome reporting for internal use and for the Legislature.

B. Achievement Indicators:

1. The Division and CWPPG agree that “significant attention has been given to the adequate financing of DCFS since 1994.” (The Performance Milestone Plan - draft, p.39)

2. As DCFS’ implementation of the regional funding formula progresses, resources will be better allocated to meet needs across the State.

3. The main indicator of reaching this milestone is the Division having adequate resources to meet the other milestones. It will also make annual reports to the Child Welfare Legislative Oversight Committee regarding its fiscal maintenance of effort.

Milestone III: System Management and Administrative Structures

The Division believes that these structures are sufficiently developed for effective administrative functions. This milestone is accomplished.

Milestone IV: Five Priority Focus Areas

Through reviews of reports by the David C. Settlement’s Monitoring Panel and the Bureau of Services; discussions with community leaders, DCFS staff, and the CWPPG; development of the Practice Model; and internal policy discussions; the Division identified five areas where management will focus its attention over the next year. Performance improvement plans will be developed for each area. Emphasis in these areas will help ensure that:

- ▶ Children are placed as close as possible to their familiar surroundings;
- ▶ Children in custody have access to appropriate medical, dental and mental health care;
- ▶ Children in DCFS custody and their families are regularly visited by caseworkers;
- ▶ Relatives who want to take a child into their home are allowed to do so in a timely manner;
- ▶ Modest funds to prevent placement disruption are available for use by caseworkers.

A. Measurement Processes:

Area #1 Proximity Issues Relating to Out-of-Home Placements:

- ▶ 90 percent of the children in custody under age 13 will be placed within their own region.
- ▶ 75 percent of the children in custody who are 13 or older will be placed within their own region.

Area #2: Health and Mental Health Care:

- ▶ Children placed in DCFS custody must receive medical, dental, and mental health evaluations within the first 30 days from date of removal.
- ▶ As of March 1999, DCFS has assumed the Medicaid eligibility role for children coming into custody and has imposed a 30-day deadline for determining eligibility.
- ▶ The Plan lists five goals for maintaining health care, including establishing primary care givers, ensuring access and continuity of care (especially in rural Utah), determine and maintain Medicaid eligibility, and maintain a current health history for each child.

Area #3: Regular Visits and Family Involvement:

- ▶ Each child in DCFS custody will be seen by the primary caseworker at least twice a month. Once a month visits is acceptable in the certain cases such as where the provider has guardianship.

Area #4: Barrier Removal to Kinship Placement:

- ▶ The Division will create a “kin locator” in each region to expedite location of willing relatives within the current 30-day preferential window.
- ▶ It will also seek legislation to amend current kinship placement requirements.

Area #5: Placement Prevention/Disruption Fund:

- ▶ The Division has a goal to broaden the strategic use of flexible funding to avoid unnecessary placements, aid in timely reunification, and maintain foster care placements.

B. Achievement Indicator

- ▶ DCFS will report quarterly on progress made in each of these focus areas. Exit will follow achievement of tasks and processes as measured by case processes, qualitative performance and other indicators.

Milestone V: Accountability Structures

The Division believes that these structures are sufficiently developed for effective oversight of Division functions. If the CWPPG agrees after a review of documentation, this milestone will be accomplished by October 1, 1999. Listed below are external and internal review processes currently in place in the Division:

- ▶ DCFS' internal accountability structures include the SAFE database, Supervisory Quality Reviews, Annual Outcomes Report, Monthly and Quarterly Management Reports, and the Peer Evaluation and Review Committee process.

- ▶ External processes include the Office of Child Protection Ombudsman, Foster Care Citizen Review Boards, Child Fatality Review, Legislative Child Welfare Oversight Committee, Office of Compliance, Consumer Hearing Panel, and the Division State Board.
- ▶ The Division will appoint a “Constituent and Legislative Services Specialist” to be responsible for reviewing and interpreting recommendations made by the above accountability groups.
- ▶ The process for compiling and disseminating all this information will be developed by end of summer, 1999.

Milestone VI: Trend Data Analysis

DCFS and CWPPG have agreed on a series of trend data to provide general information about system performance. These are designed to indicate improvements in the broad areas of protection, permanence, and well being of children and families. No performance goals are assigned to these trend indicators, as there currently are no nationally accepted norms. However, the Division still intends to compare its data with developing national data. The Division will provide quarterly performance reports to a monitor (yet to be determined).

No.	Trend	What the Data Measure
1	Number and percent of intact families receiving in-home services that were successfully closed without an out-of-home placement within 12 months.	Effectiveness of in-home services
2	Percent of children with substantiated allegations of abuse and neglect while placed in out-of-home care.	Success of training foster parents and monitoring their activities with the child; adequate inventory of foster parents; ability to match child’s need with appropriate family
3	Number and percent of cases with substantiated allegations of abuse and neglect of children within one year from cas closure.	Family properly prepared; service needs identified and addressed; assessment of safety and coping capacity of family
4	Number and percent of closed CPS cases with subsequent founded reports of abuse and neglect.	Proper investigation and provision of services
5	Percent of children serviced in one of the following legal “permanent” placements after 12 to 24 months of child removal; return home, adoption, guardianship.	Time and effectiveness of moving children into permanency, especially with more difficult cases
6	Number and percent of children who attain permanency.	Same as #5
7	Percent of children who do not re-enter out-of-home care within six, 12 and/or 18 months.	Success of service delivery and selecting permanency goal
8	Average length of stay of cohorts of children in out-of-home care.	Success of meeting permanency needs
9	Percent of CPS investigations initiated within the time period mandated by state or local statute, regulation, or policy.	Safety of children; responsiveness of system
10	Percent of children experiencing fewer than three placement changes within a service episode.	Success of matching children’s needs with placements; adequate inventory of neighborhood foster homes
11	Number and percent of children in placement by order of restrictiveness by number of days.	Success in timeliness of meeting special needs of children

No.	Trend	What the Data Measure
12	Number and percent of children in custody under age five longer than six months without a permanent placement.	Ability of system to achieve timely permanency placements for very young children
13	Number and percent of children in custody longer than six months without permanent placement.	Ability of system to achieve timely permanency placements for children
14	Number and percent of children completing high school or obtaining a GED.	Ability of system to assist older children in obtaining educational goals

A. Measurement Processes:

The Division is in the process of validating data presented in its annual report through three steps:

- 1) Reviewing data in the SAFE database against actual paper case files;
- 2) Checking for data coding errors, misuse or misunderstanding of codes, and incomplete data screens;
- 3) Improving system performance in four problem areas recently identifies. These areas are:
 - a) Meeting CPS priority 3 time frames;
 - b) Reducing the amount of time for a child to attain permanency;
 - c) Reducing the number of placements for children in foster care (especially older children);
 - d) Increasing the number of youths completing the Independent Living Program.

B. Achievement Indicators:

For this milestone to be considered reached, DCFS will have these measurement and validation process in place and functioning.

Milestone VII: Case Process Review

A. Measurement Processes:

Case process review examines the performance of DCFS in key case practice areas essential to child safety, permanence, and well being. Case record reviews consider conformity to policy, statute, and the Performance Milestone Plan. Currently, DCFS and the CWPPG (Child Welfare Policy and Practice Group) are jointly developing guidelines for an expanded, joint case process review. These reviews will be used to identify “vexing” problems in the system, problems for which solutions or answers are difficult to find. Such “vexing” problems include why some clients keep re-entering the system and how individualized family service plans are.

B. Achievement Indicators:

DCFS and CWPPG agree that this milestone is achieved when the structures are in place to conduct the case process reviews, and when the performance goals have been met for two consecutive reviews. DCFS and CWPPG have agreed to the following performance goals:

- 1) “Critical” case processes – 90 percent performance
- 2) “Essential” case processes – 85 percent performance

Milestone VIII: Qualitative Case Record Review

A. Measurement Processes:

Qualitative case review is a new evaluation method for the Bureau of Services Review (BSR) in the Department. This type of case review directly assesses the status of children and families, as well as the performance of the system in key areas. It uses in-depth interviews with individuals associated with a case. The Department has determined that an existing instrument developed by Human Systems and Outcomes, Inc. (HSO) is the best available qualitative instrument. BRS and CWPPG will work together on this qualitative review process. Case review will begin in the fall of 1999.

B. Achievement Indicators:

When the structures are in place to conduct the qualitative reviews, internal reviews are effectively employed, and performance goals met for two consecutive reviews, this milestone will be considered achieved. DCFS and CWPPG have agreed to the following performance goals:

- 1) 85 percent of the cases are scored “acceptable” on the child and family status scale, and
- 2) 85 percent of the cases attain an “acceptable” score on the system performance scale.

Milestone IX: Quality Improvement Committees

A. Measurement Processes:

DCFS is creating Regional and State Office Quality Improvement Committees (QIC) to study data and outcomes of children and families receiving services and suggest changes in resource deployment, policy, procedures, and practice that will improve or maintain favorable incomes. The regional QICs will have a maximum of 10 members. They will include several regional division staff, but the majority will be people from the private sector, partner groups, and the professional community. This is a new, additional evaluation process for reviewing the quality of DCFS services. As of July, all seven QICs have been formed.

B. Achievement Indicators:

Both DCFS and CWPPG will consider this milestone achieved when the processes are in place and the committees demonstrate capacity for data analysis and are able to suggest adjustments consistent with the Practice Model.

APPENDIX 6: Excerpt from Texas Appropriation Act

DEPARTMENT OF PROTECTIVE AND REGULATORY SERVICES

	For the Years Ending	
	August 31, 1998	August 31, 1999
A. Goal: PROTECTIVE SERVICES		
To protect children, elderly adults, persons with disabilities, and victims of family violence from abuse, neglect and/or exploitation through development and efficient management of an integrated service delivery system.		
Outcomes:		
Confirmed Incidence of Child Abuse/Neglect per 1,000 Children Under the Age of 18	8.4	8.4
Percent of Children in State Conservatorship for Whom Permanency Was Achieved Within 24 Months	88%	88%
Percent of Children Adopted From State Conservatorship Within 24 Months of Termination of Parental Rights	78.1%	78.9%
Percent of STAR Youth With Positive Outcomes 90 Days After Termination	66%	66%
Incidence of Abuse/Neglect/Exploitation per 1,000 Elderly Persons and Persons With Disabilities	13.1	13.1
Percent of Validated Occurrences Where Children are Placed at Serious Risk	29%	29%
A.1.1. Strategy: AUTOMATED INTAKE SYSTEM	\$ 5,715,914	\$ 5,715,914
Provide a comprehensive and consistent system with automation support for receiving reports of children suspected to be at risk of abuse/neglect and assign for investigation those reports that meet the Texas Family Code definition of child abuse/neglect.		
Outputs:		
Number of CPS Reports of Child Abuse/Neglect	125,146	125,146
Efficiencies:		
Average Cost per CPS Child Abuse/Neglect Report	45.67	45.67
A.1.2. Strategy: CHILD AND FAMILY SERVICES	\$ 143,254,387	\$ 143,363,467
Provide a comprehensive and consistent system for the delivery of investigations, in-home services, out-of-home care, and permanency planning by direct services to children who are at risk of abuse/neglect and their families.		
Outputs:		
Number of Completed CPS Investigations	107,591	107,591
Number of Confirmed Cases of Child Abuse/Neglect	29,328	29,328
Average Number of Open Child Protective Service Cases per Month	33,737	33,737
Number of Children in State Conservatorship Who Are Adopted	837	870
Efficiencies:		
Average Monthly Cost per Open CPS Investigation	145.5	145.61
Average Monthly Cost per Child Protective Service Case	205.54	205.69
A.1.3. Strategy: PURCHASED SERVICE SYSTEM	\$ 34,830,843	\$ 35,430,843
Provide purchased services to treat children who have been abused or neglected, to enhance the safety and well-being of children at risk of abuse and neglect, and to enable families to provide safe and nurturing home environments for their children.		

(Continued)

Outputs:		
Average Number of Children Receiving Purchased Services While Living at Home per Month	7,619	7,619
Efficiencies:		
Average Cost per Child for Purchased Services	218.5	218.5
A.1.4. Strategy: INTENSIVE FAMILY PRESERVATION	\$ 17,776,812	\$ 17,776,812
To provide intensive family preservation services to prevent unnecessary removal from their homes of children at risk of abuse and neglect, and to enable the early and safe reunification of children from out-of-home care.		
Outputs:		
Average Number of Families Receiving Intensive Family Preservation Services per Month	1,147	1,147
Efficiencies:		
Average Cost per Family for Intensive Family Preservation Services	644.56	644.56
A.1.5. Strategy: FOSTER CARE/ADOPTION PAYMENTS	\$ 250,251,157	\$ 264,627,981
Provide funding for foster care services and adoption subsidies for children who need them.		
Outputs:		
Average Number of Days per Month of Foster Care for All Levels of Care	372,929	388,789
Average Number of Children (FTE) Served in Paid Foster Care per Month	11,804	12,306
Average Number of Children Provided Adoption Subsidy per Month	8,080	9,040
Efficiencies:		
Average Expenditures for Foster Care per Month for All Levels of Care	16,764,811	17,477,009
Average Copayment for Foster Care per Month for All Levels of Care	721,935	752,603
Average Monthly Payment per Child (FTE) in Paid Foster Care	1,420.27	1,420.2
Average Monthly Payment per Adoption Subsidy	395.33	395.3
A.1.6. Strategy: ALTERNATIVE SERVICES	\$ 25,297,708	\$ 28,697,708
Provide funding for alternative services, including but not limited to anti-gang, truancy, and runaway services, to children who need them.		
Outputs:		
Average Number of STAR Youth Served per Month	5,301	6,275
Number of Youth Receiving CYD Services	1,948	1,948
Efficiencies:		
Average Monthly PRS Cost per STAR Youth Served	265	265
Average PRS Cost per CYD Youth Served	265	265
A.1.7. Strategy: HOPE CENTER	\$ 1,823,881	\$ 1,823,881
Provide alternate treatment for youth through contract with Hope Center.		
Outputs:		
Number of Children Served by Hope Center Monthly	78	78

(Continued)

A.2.1. Strategy: ADULT PROTECTIVE SERVICES	\$	24,285,661	\$	25,220,486
Provide a comprehensive and consistent system for the investigation of reports of abuse, neglect, and exploitation of vulnerable adults and provide services to alleviate and prevent the recurrence of cases of maltreatment.				
Outputs:				
Number of Completed APS Investigations		58,153		62,147
Number of Confirmed APS Cases		47,175		50,145
Average Number of Open Adult Protective Service Cases per Month		1,423		1,520
Efficiencies:				
Average Monthly Cost per APS Investigation		67.32		64.73
Average Monthly Cost per Adult Protective Services Case		446.94		428.53
A.2.2. Strategy: MHMR INVESTIGATIONS	\$	4,504,263	\$	4,504,262
Provide a comprehensive and consistent system for the investigation of reports of abuse, neglect, and exploitation of persons receiving services through MHMR facilities and community MHMR centers.				
Outputs:				
Number of Completed Investigations: MHMR Facilities		6,782		6,782
Number of Completed Investigations: Community MHMR Centers		1,145		1,145
Number of Confirmed Reports: MHMR Facilities		1,473		1,473
Number of Confirmed Reports: Community MHMR Centers		393		393
Efficiencies:				
Average Monthly Cost per MHMR Investigation		560.51		560.51
A.3.1. Strategy: CHILD CARE REGULATION	\$	14,635,954	\$	14,755,790
Provide a comprehensive system of consultation, licensure, and regulation which ensures the maintenance of minimum standards by day care facilities, residential child care facilities, registered family homes, child-placing agencies, and residential child care facility administrators.				
Outputs:				
Number of New Licenses, Certifications, and Registrations Issued		5,194		5,339
Number of Licenses, Certifications, and Registrations		31,141		31,630
Number of Licensed Day Care Facilities		10,493		10,783
Number of Registered Family Homes		12,192		12,192
Number of Inspections		37,392		38,263
Number of Complaints Investigated		11,794		12,184
Efficiencies:				
Average Cost per Issuance		710.31		696.11
Average Cost per Inspection		211.05		207.76
Average Cost per Investigation		263.73		257.3
A.4.1. Strategy: MAINTAIN AUTOMATED SYSTEM	\$	7,024,422	\$	7,024,422
Maintain a comprehensive automated system to support investigations and the delivery of protective services.				
Outputs:				
Number of Automated Workstations		6,384		6,384
Total, Goal A: PROTECTIVE SERVICES	\$	529,401,002	\$	548,941,566
B. Goal: INDIRECT ADMINISTRATION				
B.1.1. Strategy: CENTRAL ADMINISTRATION	\$	7,297,708	\$	7,297,708

(Continued)

B.1.2. Strategy: INFORMATION RESOURCES	\$ 7,998,507	\$ 7,998,507
B.1.3. Strategy: OTHER SUPPORT SERVICES	\$ 1,803,973	\$ 1,803,973
B.1.4. Strategy: REGIONAL ADMINISTRATION	\$ 6,286,184	\$ 6,298,152
Total, Goal B: INDIRECT ADMINISTRATION	\$ 23,386,372	\$ 23,398,340
Grand Total, DEPARTMENT OF PROTECTIVE AND REGULATORY SERVICES	<u>\$ 552,787,374</u>	<u>\$ 572,339,906</u>
Method of Financing:		
General Revenue Fund	\$ 182,799,912	\$ 190,919,445
General Revenue Match for Medicaid	23,262,566	23,259,427
General Revenue: Temporary Assistance for Needy Families	24,196,744	30,988,336
Earned Federal Funds	<u>904,884</u>	<u>904,884</u>
Subtotal, General Revenue Fund	\$ 231,164,106	\$ 246,072,092
Federal Funds	317,096,305	321,724,946
Appropriated Receipts	2,585,748	2,601,653
Interagency Contracts	<u>1,941,215</u>	<u>1,941,215</u>
Subtotal, Other Funds	\$ 4,526,963	\$ 4,542,868
Total, Method of Financing	<u>\$ 552,787,374</u>	<u>\$ 572,339,906</u>
Number of Full-time Equivalent Positions (FTE)	6,216.0	6,257.0
Schedule of Exempt Positions		
* Executive Director, Group 4	\$90,000	\$90,000
Deputy Director	(5) 77,500	(5) 77,500

1. **Capital Budget.** None of the funds appropriated above may be expended for capital budget items except as listed below. The amounts shown below shall be expended only for the purposes shown and are not available for expenditure for other purposes. Amounts appropriated above and identified in this provision as appropriations either for "Lease Payments to the Master Lease Purchase Program" or for items with an "(MLPP)" notation shall be expended only for the purpose of making lease-purchase payments to the Texas Public Finance Authority pursuant to the provisions of V.T.C.S., Art. 601d, Sec. 9A.

	<u>1998</u>	<u>1999</u>
Out of the General Revenue Fund:		
a. Acquisition of Information Resource Technologies		
(1) ISAS and USPS Implementation (MLPP)	\$ 373,039	\$ 286,702
(2) ISAS and USPS Implementation	629,098	0
(3) Automated Equipment Upgrade or Replacement (MLPP)	<u>\$ 462,863</u>	<u>\$ 1,155,487</u>
Total, Acquisition of Information Resource Technologies	<u>\$ 1,465,000</u>	<u>\$ 1,442,189</u>

APPENDIX 7: Glossary and Acronyms

Benchmarks: Goals that agencies set for themselves, against which actual results are later compared.

Child Protective Services – Staff which responds to and investigates child abuse referrals

Efficiency Measures: Measures the unit cost of a given output or outcome. Example – Average cost per client treated or rehabilitated.

Explanatory Measures: Factors that explain and affect an agency’s performance.

Goals: Results towards which an organization is directing its efforts.

Guardian Ad Litem: Attorney assigned to represent the interest of children in court proceedings, particularly where children are removed from their homes due to abuse, neglect, or dependency.

Input Measures: Measurement of resources (dollars and staff) used to deliver a product or service.

Objectives: Specific outcomes to be produced in pursuit of a given goal.

Outcome Measures: Measures or indicators that focus on results of a project or program, rather than the quantity of work performed. Example - Percent of clients rehabilitated.

Output Measures: Indicators that focus on quantity of services produced or number of people served. Example – Number of clients treated.

Performance Based Budgeting: An attempt to tie funding of a program to its demonstrated accomplishments, effectiveness, and efficiency.

Permanence: Where there is no further court or agency intention to move a child again.

Protection: Ensuring that children are free from maltreatment by their parents or caregivers.

Re-entry into Care: Children who come back into DCFS custody after they are placed outside their homes and then returned to parental care.

Vision Statement or Mission: The over-arching goal of an organization in a brief statement. Example – “Promote a healthy, prosperous community.”

Well-being: Maintaining health and happiness for children.

CPS: Child Protective Services

DCFS: Utah Division of Child and Family Services

GAL: Guardian Ad Litem

GASB: Government Accounting Standards Board

GAO: General Accounting Office (federal government)

PBB: Performance Base Budgeting

NCSL: National Conference of State Legislatures

MBO: Management By Objectives

SAFE: Database and Case Management System used by DCFS

TQM: Total Quality management

ZBB: Zero Based Budgeting