



Eric J. Holcomb, Governor
Eric Miller, Director



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

If you suspect a child is being abused or neglected, call the Child Abuse & Neglect Hotline at (800) 800-5556.

Sept. 16, 2024

TO: Joseph M. Habig, Acting Director, State Budget Agency

FROM: Director Eric Miller, MPA, MBA

SUBJECT: Agency Overview – Budget Transmittal Letter – FY 2026-27

Introduction

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

Structure and Organization

The director oversees the chief of staff, chief deputy and senior advisor, general counsel and director of communications. The chief of staff oversees the deputy chief of staff, chief financial officer, legislative director, human resources director and the deputy director of child support. The chief deputy and senior advisor oversees the deputy directors of staff development; juvenile justice initiatives and support; field operations; child welfare services; and strategic solutions and agency transformation.

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

FIELD OPERATIONS

The largest of DCS' divisions, field operations encompasses the frontline workers, including the family case managers in local offices across the state. This division also includes the foster care and adoption programs, the Indiana Child Abuse and Neglect Hotline, child fatality reviews and more.

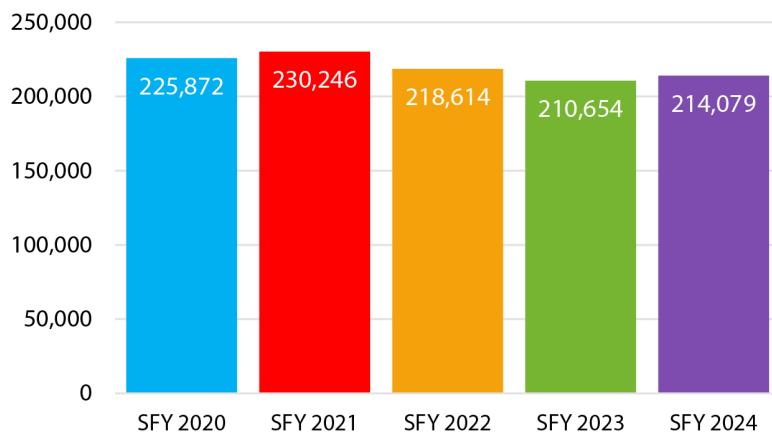


Assessments of Child Abuse & Neglect

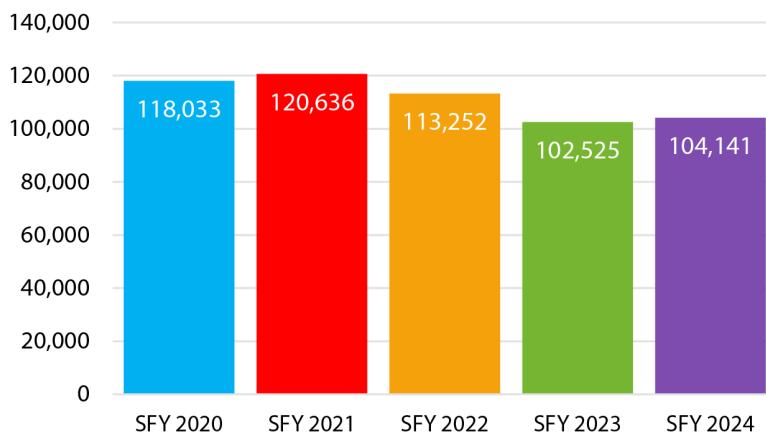
A primary responsibility of the Department of Child Services is to assess abuse and neglect allegations. These begin with a report to the Indiana Child Abuse and Neglect Hotline, where specially trained family case managers evaluate the report to determine whether it meets the criteria for an assessment. Reports include calls, faxes, emails and mail-in reports.

The number of reports handled by the Hotline has declined by 5.2% since SFY 2020 but showed an increase over the past year.

**Hotline Reports Handled
by State Fiscal Year**



**Assessments of Child Abuse and
Neglect Opened by State Fiscal Year**



The number of assessments opened each year has decreased by almost 12% since SFY 2020 as DCS has worked to provide the right care to the right child at the right time.

In-Home Care

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

Out-of-Home Care

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



CHILD WELFARE SERVICES

Child Welfare Services oversees all services DCS provides to children and families. This division's responsibilities include voluntary prevention services, intervention services for formal DCS involvements, community-based services, licensed child-placing agencies (LCPAs), residential-care facilities and services for older youth. This division also houses a team of integrated care professionals, including educational consultants and clinicians.

Older Youth Services

The Older Youth Services program supports the transition to adulthood/independent living for children who are emancipating from foster care.

Prevention

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

OTHER DIVISIONS

Juvenile Justice

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

Child Support

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

Strategic Solutions and Agency Transformation

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

Staff Development

The Staff Development division is responsible for professional development and training of DCS employees, foster parents and providers on topics including the agency's practice model, leadership skills and personal well-being.

Legal Operations

DCS' Legal Operations division handles the agency's legal practice. In addition to CHINS (Child in Need



of Services and TPR (Termination of Parental Rights) cases, this includes reviewing, amending and approving contracts with service providers. This division works closely with field operations to ensure agency practice is always within the law.

Finance Division

DCS' financial division, also known as Administrative Services, is responsible for accounting and budgets, financial management, procurement and payroll. This division also handles eligibility payments, vendor issues, report forecasting and facility management.

ACCOMPLISHMENTS DURING THE FY 2024-2025 BIENNIUM:

- **Child safety** – The number of Children in Need of Services (CHINS) has fallen 45% since its highest level in September 2017. However, DCS' focus on improving child safety has led to an increase in the overall number of children in DCS' care over the past year. On June 30, 2023, there were 8,604 children in out-of-home placements, including 475 placed in residential treatment facilities. By July 31, 2024, there were 9,166 children in out-of-home placements, with 424 in residential facilities. The number of in-home CHINS rose from 3,026 in July 2023 to 4,139 in June 2024. Additionally:
 - Recognizing that substantiation rates varied widely across 92 counties, DCS in June launched a new Safety Quality Assurance Team that focuses on evaluating decisions that lead to and ensure the safety of Hoosier children. The team reviews a random sample of unsubstantiated assessments of in-home CHINS or informal adjustments for children ages 0-5, scores them for the quality of safety decisions, and provides examples that form the basis of recommendations for system-wide policy changes.
 - The Rapid Response Team was created in collaboration between DCS and FSSA to identify emergency placement options for children with high-acuity needs. These children exhibit complex behaviors, have multiple diagnoses and a history of placement disruptions. Through this collaboration, 21 children were served.
- **Support for kinship caregivers** – It is an ongoing agency goal to place children with kin when they are removed from their homes because of abuse or neglect. Kinship caregivers include relatives or those who have a family-like relationship to the child. More than half the children in out-of-home care reside in kinship placements. This represents a 20 percent increase since 2019. In August 2023, DCS began providing a monthly stipend of \$300 per child to unlicensed kinship caregivers to help meet the needs of the children in their care and promote placements that maintain close connections and stability. As of August 21, 2024, DCS had distributed \$14,025,150, benefiting 3,000 families.



- **Improvements to adoption subsidy process** – DCS places a priority on removing barriers to permanency for children in its care. Beginning July 1, 2024, DCS adjusted the assistance available to families who provide a home to a child in Indiana's foster care system through adoption or an eligible guardianship so that it equals 100 percent of the amount the child was eligible for while in foster care. The change removed the need for most financial negotiations, helped better ensure the needs of children were being met, and will help improve the time to permanency.
- **Provider workforce stabilization** – DCS awarded \$30 million in grants to child welfare providers to improve direct-care staff recruitment and retention.
- **Improved transparency** – DCS recognizes that there is significant public interest in child welfare work, and to further promote transparency, the agency launched five new public dashboards in SFY 2024. Visitors to dcs.in.gov now have access to the following dashboards: Timely Initiation; No Repeat Maltreatment; Time to Permanency; Children Who Achieved Permanency; Hotline Reports; Children with DCS Cases; Children in Need of Services (CHINS); Average Days in Foster Care; and Average Number of Placements per Child.
- **Updated home- and community-based service provider rates** – DCS increased payment rates for home- and community-based services effective July 1, 2023, as a result of a study commissioned by DCS and conducted by Milliman with provider input. Areas seeing the greatest impact included supervised parenting time, home-based family-centered casework and counseling. The new rate structure was designed to better reflect the real costs of doing the work and make it easier for providers to offer competitive wages and recruit and maintain quality staff. DCS intends to conduct a third-party review of these rates every four years.
- **Support for DCS frontline workers** – In an effort to better support and retain its frontline staff, DCS launched Worker2Worker, a peer support program, in April 2024 in partnership with Rutgers University Behavioral Health Center and the National Center for Peer Support. The program offers peer support, on-call mental health clinicians and provider referrals for frontline DCS staff, in addition to wellness- and resilience-building events for all DCS workers. The hotline is staffed by retired DCS workers who have been trained as peer counselors and understand and relate to those experiences. DCS also implemented a waiting-to-engage bonus program effective Sept. 1, 2024, for family case managers and FCM Supervisors who work on-call shifts.
- **Intensive foster care services** – DCS issued a Request for Proposals for providers to offer intensive foster care and respite care services to families caring for children with intensive medical, mental, emotional and/or behavioral needs. The goal of the program is to provide support and resources so that families are better able to care for these youth and the youth have increased stability and improved permanency outcomes.



CHALLENGES DURING THE FY 2024–2025 BIENNIUM:

- **Agency turnover** – Maintaining a workforce of skilled employees is an ongoing agency effort. In SFY 2024, DCS lost 847 family case managers (FCMs) and gained 861; the turnover rate during this period was 37% for FCMs and 14% among FCM supervisors. To recruit new candidates, the HR team collaborated with local staff to hold walk-in interviews at offices struggling to find candidates. These were advertised on social media and in job postings. Job opportunities were advertised on multiple recruiting platforms and via social media. Other recruitment efforts included visiting 14 college and university career fairs and engaging an advertising firm to conduct a statewide recruitment campaign during the last four months of 2024.
- **Recruitment and retention of foster parents** – Recruitment and retention of foster homes, especially those willing to take older children, sibling groups and youth with higher-acuity needs, continues to be a challenge. The number of DCS-licensed foster homes in Indiana fell by nearly 13 percent between July 2023 and July 2024. Among those who were licensed or in the process of becoming licensed as foster parents but withdrew during that period, 48% cited adoption of a child or a decision to become a relative-only placement as the reason for withdrawal. DCS has increased the number of relative placements since 2019 and continues to promote licensure for kinship placements, but the need for more licensed non-relative foster homes remains.
- **Accessing residential treatment for high-acuity and complex youths** – While the agency has reduced the number of children in residential treatment by more than half in the past five years, finding high-quality in-state residential treatment for children with complex behavioral and mental-health needs remains challenging. These youths often have developmental disabilities and/or significant mental-health needs that would be better addressed by other state government programs and services before DCS intervention becomes necessary. Collaboration with other state agencies is essential to successfully addressing this challenge in the long term.
- **Provider partnerships** – A top priority for the agency this biennium is to continue to develop open relationships with our provider partners who offer critical services to families and children in DCS care. DCS values the important work done by these providers and wants to ensure they have the resources needed to achieve our shared vision of seeing all children grow up in stable, supportive homes.

OBJECTIVES FOR THE FY 2026–2027 BIENNIUM:

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

1. **Improve child safety** – DCS will continue to collaborate with the Family and Social Services Administration (FSSA), Department of Education (DOE), Department of Correction



(DOC) and external stakeholders to develop a comprehensive plan to improve support services and treatment options for youth with high-acuity needs and their caregivers. We will continue to work on improving our timely initiation of child abuse and/or neglect assessments. Another area of focus will be to continue to work on decreasing the recurrence of maltreatment.

2. **Improve Timeliness to Permanency** – DCS implemented two pieces of legislation that became effective upon passage in March 2024: HEA 1310; which mandated that a permanency plan for a Child In Need of Services (CHINS) must include one permanency plan other than reunification once a child has been removed from the home for a period of 12 of the most recent 22 months; and HEA 1369, which expanded the circumstances under which a Termination of Parental Rights (TPR) provision may be filed with the court. While it is too early for most of these TPR petitions to have gone to trial, DCS has documented and is monitoring the TPR petitions that are proceeding under the new provisions to determine their impact on permanency, while also identifying opportunities to strengthen the language of this legislation.
3. **Improve relationships with Foster and Adoptive families** – Locating, training and retaining high-quality foster parents, ensuring foster and adoptive parents have the support and training needed for youth with high-acuity needs, and establishing strong communication are essential to helping children achieve safety and permanency. DCS opened a Request for Proposals for intensive foster care services to provide additional supports and services to caregivers of higher-needs youth in foster care to better ensure that all DCS-involved youth have safe and stable placements while we work to expedite permanency.
4. **Improve Compliance with the Family Case Manager (FCM) Caseload Standard** – DCS is planning to implement a career ladder for family case managers to help with the retention of frontline staff.
5. **Increase the percentage of children who receive all of their child support obligation**
 - DCS will continue to work on decreasing the percentage of undistributed child support collections.

Organizational Chart

See attachment.



Programs to be Reduced, Eliminated or Replaced

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

Reallocation of Funds

No funds are planned to be reallocated.

DCS 2024-2025 Financial Overview

The Department of Child Services currently operates an annual budget of roughly \$1.35 billion to \$1.40 billion, of which 70% is funded by the State and the remaining 30% mostly funded by federal programs. For fiscal years 2024 and 2025, DCS received a general fund appropriation of \$977 million and \$952 million, respectively. Approximately 75% of the Department's total spending covers programs and services for the families and children served.

During fiscal year 2024, DCS received a general fund augmentation of \$38.3 million to its Family and Children Fund (17022) to cover direct program services for CHINs and probation youth. These services include both in-home and out-of-home care (Family Preservation, residential placement, community-based services, DCS and LCPA foster homes, etc.). The greatest increases in service spend from FY23 to FY24 occurred in out-of-home care and probation. The Department currently estimates a need for a \$70 million augmentation to close out the 2025 fiscal year.

Sincerely,



Eric Miller, MPA, MBA

Director

Indiana Department of Child Services

