

CAN YOU AFFORD TO CARE . . . ?



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This is an edited version of a paper delivered by Mr Barry Cook to seminars conducted in Melbourne, Geelong and Ballarat by Childrens Welfare Association of Victoria. Some detailed references to the Victorian Welfare scene have been omitted but inevitably the paper reflects both the existence of vast Residential Care resources in that State and some of the concerns of the author regarding inequities and inconsistencies in funding arrangements between Government and Non-Government agencies particularly evident in Victoria.

Firstly, on Philosophical grounds, we must look very seriously at services which

- Lack mobility and are not able to respond to changing needs
- are not geared to local families and do not provide meaningful contact between children and their families.
- place emphasis only on the needs of children and ignore or give low priority to the needs of the child's family.

Secondly in financial terms, we can only afford high cost institutional services if after consideration of alternative support services such care is still the most appropriate for a child. Costs of institutional services are referred to later.

I would like to reflect on some of the broader issues confronting us in the near future:

- We live in an era when the community is more able to articulate its needs and press for fulfilment of those needs than ever before. In the last five years, we have seen a remarkable increase

in the demands made on Government to both review policy and allocate additional funds.

So much so, it is very unlikely that, in the near future, any Government will be able to fulfil the demands being made without a re-allocation of resources.

- We need to create a climate in which Clients, Staff, Board Members, Public Servants and Politicians accept that any programme or institution will only be supported as long as it meets a continuing need at a satisfactory standard and for a reasonable cost.
- Whether the funds that support a programme are from government subsidies or private donations, the money is community money and we must seek good value for each dollar without allowing money to completely dictate policy.

It can be dangerous to think only in terms of the Government subsidising a programme or non-government agencies sub-

sidising the Government — whoever pays, it is community money paying for a community service.

- It seems inevitable that non-government agencies be required to seek a proportion of funds direct from the public, but I acknowledge there are other viewpoints on this subject.

100% Govt. Subsidy

Some say that 100% government subsidy, particularly for State Wards, would be more just and would not remove the "volunteerism" concept, but Wards are the community's children for whom "our" Government accepts legal responsibility on our behalf — not the Government's children being cared for by non-government community agencies.

To me, it's more a question of how we marshal the community's resources. It seems more realistic to expect the community to privately

supplement allocations from our taxes, than for all funds to flow from tax revenue. Personal identification with programmes has been, and will continue to be, an important element in the provision of community services.

However, we must recognise that some agencies have not the same potential to raise private funds as other groups. Churches, for example, have a larger and more "captive" network of support than some other agencies. Agencies conducting residential child care in Victoria have had more difficulty attracting private support since the State Government significantly increased subsidies.

Depleted

On the other hand, it is important that private resources of non-government agencies not be allowed to become too depleted. If this happens, the opportunity to pioneer and innovate new services will be reduced. The Government do not often have the opportunity to share in this new work because, unless there is political motivation, money is not easily obtained for new policy development.

Because there are less bureaucratic constraints and money is more flexible, a non-government agency can, in **theory**, identify a need today, approve a new programme at tonight's Board meeting and begin to meet the need tomorrow.

Ultimate Test

The ultimate test of our integrity as non-government agencies willing to participate in a co-operative relationship with Government is whether we are prepared to sacrifice subsidies or services when no longer required. Such action would allow resources to be reallocated.

Next, I want to comment on the current state of Welfare Costs and Government/Non-Government funding relationships.

Generally:

- (a) Costs are escalating at such a rate that if incentives aren't provided to enable agencies involved in residential care to establish alternative support services such change will be forced on economic grounds rather than being on a carefully planned transitional basis.

Change could be facilitated quietly and sensitively if agencies were able to renegotiate the rise of existing subsidies for alternate services — figures shown later will indicate significant savings.

- (b) The Division of responsibility for service delivery and funding between different Departments within a state and between state and Commonwealth Departments creates difficulties. Not only are there differences in approach regarding the allocation of funds but also significant differences in the effectiveness of the consultative processes between various Government bodies.
- (c) The administrative input currently involved in welfare as a result of the uncertainty of funding, duplication of work and the excessive variety of funds available is a waste of creative energy and financial resources that can be more valuably used.

Details

Details of subsidies are not often documented for information of agencies and, on occasions, only heard about in discussion with other agencies. Whilst, generally, subsidy guidelines are rigid, interpretation of eligibility by Government Departments is sometimes broader than information documented.

- (d) Services should be shaped to meet needs but are often shaped to suit subsidies or grants available.

- (e) Many worthwhile services being developed are unable to attract other than token subsidies or grants and often that funding is short term and renewal not guaranteed.
- (f) Some services are under utilised and unable to be integrated with other services because of inflexibility of funding.

Specifically:

- (a) In Victoria as previously noted the costs of **residential care**, although well supported by Government are very high. In agencies with which I am associated — Campus Care is costing \$223 per week per child Babies and Toddlers is costing \$400 per week per child. Staffing levels are not consistent for all agencies because negotiations of new funding base took place in an atmosphere of crisis following a new award for Child Care Workers.

Campus Care

The current cost of \$223 projected for 5 years at an inflation rate of 7½% p.a. gives **\$320 per week per child in 1983.**

Allow me to give an example of a family of five in care. They are likely to be in care for 10 years. They are in very meaningful contact with their natural mother who, with appropriate support, could care for them. If we add to the \$223 per week a share of the value of our land and buildings and a share of all Social Welfare Department costs, including capital, it must be costing a **minimum** of \$300 per week for each child. That is \$1,500 per week for the family of five which **over 10 years at today's cost is \$780,000 of community money.**

Over simplifying slightly, we could have bought mother a house, provided a full-time support in the home and a

wide range of supportive services for a much lower cost with better results.

Babies Home Care

The Babies' Home situation also calls for comment. With a nursing orientation involving three shifts daily and including mothercraft training, the costs have been very high and are now around \$400 per week per child but have continued to be well supported by Hospitals and Charities Commission to the extent of approximately 80% of all costs.

Many organizations have discontinued this form of care but have not been able to renegotiate the transfer of these subsidies to other developing Family Support Services and the funds have been lost to Child Care.

Youth Hostels

New funding arrangements have led to a significant improvement in standards but some Hostels with more intensive programmes incur additional expenditure without financial recognition. Those paying rent as an alternative to capital investment in buildings cannot attract rent subsidies.

- (b) A recent costing of a new Foster Care programme shows that the cost of caring for 60 children at any time in this way is \$56 per week per child including payments to Foster Parents. Five years after being heavily promoted by the Government an adequate ongoing funding arrangement is still being negotiated.

Four children can be cared for in Foster Care for the cost of one in Residential Care. The additional savings in capital costs are very significant.

- (c) Traditionally, **Adoption** was not considered in discussions on funding. Until recent

years, almost all children adopted were non-wards and only a token subsidy paid (now only \$60) for each legalised Adoption. This subsidy is paid to all approved adoption agencies.

The anomaly is that the cost of adoption services in hospitals is included in budgets supported by Hospital and Charities Commission but they still receive \$60 from Social Welfare Department.

Adoption agencies are now placing older children with physical or emotional difficulties, many of whom are wards of State in Residential Care.

Adoption can be considered to be the best possible alternative for a child, providing permanence of relationship and legal guardianship, and we are currently having discussions with Social Welfare Department with a view to adoption being accepted as one of the range of alternative services for which financial responsibility is accepted.

The current cost of each placement is \$960, based on a caseload of 25 children placed by each social worker in a year. This case-load may reduce if the incidence of older children increases significantly, but even if cost was, say, \$1,500 it represents a permanent home for a child for the cost of seven weeks in Residential Care.

- (d) Another agency with which I am associated sponsors a range of **support services** to "at risk" children and families. At any time, it is supporting 60 children and 50 families through Day Care, Extended Hours Kindergarten, Parents and Toddlers Groups, Family Aides and Family Counselling. The annual cost, even allocated just to the children involved, is \$89 per week.

Subsidies expected this year are only \$83,000 (Day Care \$38,000; Kindergarten \$20,000 and Family Support \$25,000) toward a total cost of \$277,000. This agency formerly conducted a Babies Home and would now be receiving subsidies of \$500,000 if that care had continued.

Endeavouring

For three years we have been endeavouring to negotiate additional funding through Health Department for Day Care without success. Our submission asks for \$37 per week per child which is very modest compared with the cost of alternatives.

General subsidies for family supportive services are not yet available from Social Welfare Department, but \$25,000 has been received from Federal Family Supportive Grants channelled through the State Department. In recent applications for 1979 funding through Family Supportive Grants and State Family and Community Services Programme this agency has been required to split up a very integrated programme into artificial "discreet programme units". It is not possible to negotiate one subsidy for one service.

WHAT DO THESE COST COMPARISONS POINT TO?

- (a) That on financial grounds, apart from any other factors, it is impossible to support the present level of Residential Care and incentives must be given to agencies to consider change by allowing a re-allocation of resources.
- (b) That Adoption and Foster Care services must be given a higher priority and agencies receive an adequate level of financial support as soon as possible.

- (c) Family Support Services must be given the status of "mainline" welfare services, rather than continuing to receive token and short term assistance. Further funds will be required for innovation but some established models could now be duplicated in appropriate regions.
- (d) Day Care Services are proving an invaluable tool for the support of "at risk" children and families and are often responsible for avoiding admission to alternative services. The cost of reasonable government assistance is modest compared to the cost of that alternative care.

Before proposing a suitable funding system, I will outline the criteria on which I base that proposal:

- (a) In any Government/Non-Government relationship, there must be a clear statement of mutual responsibility and accountability.
- (b) Any funding system should be predictable and not be subject to random change once the basis is established.
It is also necessary to ensure that subsidies are not given for an uncertain period — grants for short periods and subject to review, except for innovation work, are difficult for management and unsettling for staff.
- (c) On the other hand, a funding system should not perpetuate inappropriate services or those which may be in over-supply in a particular region. Current residential funding system in Victoria is perpetuating both.
- (d) It is suggested that funds should not be approved in future for capital works for either statutory or voluntary services unless the building being erected or purchased is saleable at any time or able to be converted for other purposes at any time if needs change.
- (e) Subsidies available should not be too numerous and from so many departments that agency

administrators require a degree in "grantsmanship". The emphasis should be on simplicity and preferably there should be one subsidy from one department for each programme.

- (f) Adequate provision for caring, professional and administrative staff must be an integral element of a funding arrangement.
- (g) An agency should not be penalised for being able to raise funds in excess of a contribution to costs agreed to in negotiations with a Government Department.
- (h) In the redevelopment or reorientation of services, it seems reasonable that non-government agencies be expected to allocate the cost of any new project.
- (i) As new services are developed, payment of rent should be seen as a subsidizable expense. This would act as an incentive to avoid heavy capitalization of buildings and allow for easy transition when needs change.
- (j) A funding arrangement must encourage, where practical, the use of volunteers under suitable supervision.
- (k) At a time when agencies are being encouraged to develop support services to avoid wardship a funding system which differentiates between wards of state and other children is unjust.
Any funding arrangement must allow a Government Department to monitor costs and be able to prepare accurate estimates for Budget purposes. Such arrangement must also allow and require agencies to do the same.

PROPOSAL FOR A FUNDING SYSTEM

If my suggestions for funding criteria are accepted, there is only one system that will be satisfactory, i.e. a system of "contract" funding under which the mutual responsibilities and expectations of both Government Department and Voluntary Agencies are clearly outlined and understood, and agreement reached on an appropriate sharing of cost.

Some react negatively to contract funding and confuse it with deficit funding and "bottomless pits". In my view, it would bring a new sense of accountability to the role of Welfare Directors and Boards of Management.

Existing System

The existing system, whilst it has built-in safeguards relating to numbers of children and levels of staff, provides no opportunity for a review of policy and does not allow for the service to be re-directed if needs change. As a result, some unsatisfactory services are perpetuated. With a contract system, staffing and general cost levels would be subject to regular review.

In short, a contract system is the best method of ensuring that available resources are matched to the need for services.

I hope the Editor of this Journal will commission a detailed article on the implications of "contract" or "purchase of service" funding in the near future.

HOW CAN WE TRANSLATE THE THEORY INTO ACTION?

The optimum aim for child and family services is that a range of primary and secondary services be available at any time in every region according to the needs of that region.

If Governments and Non-Government Agencies are prepared to look seriously at a re-allocation of resources involving land,

buildings, staffing and maintenance subsidies from institutional services to alternatives such as Adoption, Foster Care and a range of Family Support Services, **I believe we could achieve this aim without additional commitment of funds from Governments.**

Inevitable

Change seems inevitable — it won't be without difficulty — at times it will be painful. If it is inevitable, it would be more positive and meaningful if the initiative came from our agencies rather than be imposed by Governments — short of funds and anxious to support a wider range of services.

We shouldn't explore change for the sake of change — there will be existing services still required in many regions to meet local needs. My hope is that those retained would receive sufficient financial support to provide a very high standard of care.

To achieve change will mean putting aside some of the vested interest of staff, boards of management and public servants.

Are **you** prepared to put aside your vested interests so that the work in your region can be rationalised and the needs of children and families provided for more satisfactorily?

Is **your** agency caring for children who could be either adopted, or placed in Foster Care closer to their natural parents? Could some children be released to their parents if a network of support services was available in their neighbourhood?

Is **your** Board of Management responsible for property and buildings in excess of your immediate or future needs? If so, is there potential to dispose of it and use the proceeds to develop new support services?

Has **your** agency subsidised staffing positions in excess of your immediate needs which could be re-allocated to another agency or to new services if Treasury is willing to be more flexible.

Bold, but sensitive, action is required to:

- (a) Develop an awareness among staff of Welfare and other Departments and staff and Board Members of voluntary services of the issues raised in this paper and any other related issues, particularly the implication that change is inevitable.
- (b) Seek a consensus among them that action is required, and fast, to re-allocate resources if our hopes for a range of services are to be achieved.
- (c) We need to lobby Politicians and insist that (i) A re-allocation of funds is required and it is essential to allow Welfare Departments flexibility with funds now committed to child and family welfare.
 - (ii) Contract funding is a reasonable, viable and appropriate basis on which to allocate funds to non-government agencies and will result in considerable administrative savings in Government Department and Voluntary agency budgets.
 - (iii) It is necessary to develop and cost a transition plan which will achieve the optimum of a range of services in each region. That plan would need to be flexible enough to allow for changing needs.
- (iv) The development of such a plan is a task in which representation of State Welfare and Health Departments, Federal Office of Child Care, Treasury Officials and Non-Government organizations is essential.

The task is one which I hope all parties will accept seriously and in

doing so be able to put aside their vested interests. Children and families "at risk" deserve a better deal and so does the taxpayer.

Can you afford the service sponsored by your organization?

APPENDIX 1

SUBSIDIES, GRANTS ETC. AVAILABLE FOR CHILD AND FAMILY SERVICES AND PAYABLE TO NON-GOVERNMENT AGENCIES

FEDERAL GOVERNMENT

1. **SOCIAL SECURITY (including Office of Child Care)**
 - FAMILY ALLOWANCES (CHILD ENDOWMENT)
 - DOUBLE ORPHAN BENEFITS
 - HANDICAPPED CHILDREN'S ALLOWANCES
 - FAMILY SUPPORTIVE GRANTS
 - DAY CARE — CAPITAL AND RECURRENT
 - OCCASIONAL AND EMERGENCY CARE
 - HOLIDAY CARE PROGRAMS
2. **EDUCATION**
 - ABORIGINAL SCHOLARSHIPS
 - SCHOOLS COMMISSION FOR CHILDREN IN RESIDENTIAL CARE*

* ALLOCATED THROUGH STATE DEPARTMENTS OR COMMITTEES

STATE GOVERNMENT (VICTORIA)

1. SOCIAL WELFARE DEPARTMENT

(a) RESIDENTIAL

- 90% SALARIES
- PER CAPITA FOR OTHER EXPENSES
- GRANTS FOR REPAIRS AND REPLACEMENTS
- CAPITAL SUBSIDIES FOR CONVERSION ON TO FAMILY GROUP HOMES
- GRANTS FROM MINISTERS FUND
- TRUSTS AND SCHOLARSHIPS ADMINISTERED BY DEPARTMENT

(b) FOSTER CARE

- ESTABLISHMENT GRANTS
- PLACEMENT SUBSIDIES
- PER CAPITA FOR SUPERVISION
- LUMP SUM PENDING REVIEW OF FUNDING ARRANGEMENTS.

(c) ADOPTION

- FEE FOR LEGALISED PLACEMENTS

(d) FAMILY AND COMMUNITY SERVICES PROGRAMME

- Grants recommended by Regional Committees.

2. EDUCATION DEPARTMENT

- ALLOWANCES SECONDARY STUDENTS

3. HEALTH DEPARTMENT

(a) PRE-SCHOOL

- DAY CARE — CAPITAL AND RECURRENT

— KINDERGARTEN —
CAPITAL AND RECURRENT

(b) **RESIDENTIAL**
— DEFICIT FUNDING
BABIES HOMES

APPENDIX 2

DETAILED COMPARATIVE COSTS OF CHILD AND FAMILY SERVICES

		000's of \$			
		CAMPUS RESIDENTIAL CARE	FOSTER CARE	ADOPTION	FAMILY SUPPORT SERVICE
1.	SALARIES	446	88	20	237
2.	DIRECT EXPENSES	54	73	—	10
3.	PROPERTY AND MAINTENANCE	51	5	1	19
4.	ADMINISTRATION	30	10	3	11
		581	176	24	277
NO OF CHILDREN		50	60	25	60
COST PER CHILD PER WEEK		\$223	\$56	—	\$89
COST PER PLACEMENT		—	—	\$960	—

NOTES

CAMPUS RESIDENTIAL CARE

Cost shown does not include cost of land and buildings.

FOSTER CARE

Foster Parents are only paid expenses (\$20 p.w.)

Capital expenditure is not required.

ADOPTION

This costing is for a caseload of 25 placements p.a.

Cost of \$960 provides permanent home for child.

With increasing incidence of older children with physical or emotional difficulties a caseload of 25 may be unrealistic but cost should not exceed \$1500 per child. Again capital expenditure is not required.

FAMILY SUPPORT

As well as 60 children programme also supports 50 families at any one time.

GENERAL

Cost relativity between services will vary from state to state depending on Salary Awards and other variable factors but it is inevitable that Foster Care, Adoption and Family Support Services will be cheaper than Residential Care.