ACF Administration for Children and Families	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES Administration on Children, Youth and Families	
	1. Log No: ACYF-CB-IM-12-05	**2. Issuance Date: May 14, 2012**
	3. Originating Office: Children's Bureau	
	4. Key Words: Child Welfare Waiver Demonstration Projects	

TO: State and Tribal Agencies Administering or Supervising Administration of IV-E of the Social Security Act

SUBJECT: Child Welfare Demonstration Projects for Fiscal Years (FYs) 2012- 2014

LEGAL AND RELATED REFERENCES: Title IV-B of the Social Security Act
Title IV-E of the Social Security Act
Section 1130 of the Social Security Act, as amended by Public Law (P.L.) 112-34, the Child and Family Services Improvement and Innovation Act (Appendix I)

PURPOSE: The purpose of this Information Memorandum (IM) is to announce that the U.S. Department of Health and Human Services (Department) is inviting title IV-E agencies to submit proposals for new child welfare waiver demonstration projects for consideration in FYs 2012 – 2014. The IM informs interested parties of: (1) the procedures the Department expects applicants to employ in involving the public in the development of proposed demonstration projects under Section 1130 of the Social Security Act (the Act); (2) the procedures the Department will follow in receiving and reviewing demonstration proposals; and (3) the principles and procedures the Department will follow in exercising its discretion to grant demonstration projects under the authority in Section 1130(a) of the Act.

Due Date: **For FY 2012 demonstrations, proposals are due by July 9, 2012. Proposals must be submitted electronically to the following e-mail address: cwwaivers@acf.hhs.gov**

It is the intent of the Department to make proposals available to the public. Therefore, to facilitate posting on the Department's website, the proposal must be submitted in the format of a Microsoft Word document or as a PDF that was created in Word and then saved as a PDF (but not a scanned PDF).

The Department will accept proposals after the July 9 due date, however, applicants should be advised that later submissions may not be able to be reviewed prior to the end of FY 2012. Proposals received during FY 2012 that are not able to be reviewed during that time period will be carried over for consideration in FY 2013.

FOR FURTHER INFORMATION: See the ACF Website at http://www.acf.hhs.gov/programs/cb/ or contact Gail Collins, Director, Division of Program Implementation, Children's Bureau, Administration on Children, Youth and Families, HHS at (202) 205-8552; or e-mail: cwwaivers@acf.hhs.gov

BACKGROUND:

Overview of Child Welfare Waiver Demonstration Authority

Section 1130 of the Social Security Act (Act), as amended, provides the Department of Health and Human Services with authority to approve up to ten child welfare waiver demonstration projects in each of FYs 2012 - 2014. These demonstration projects involve the waiver of certain requirements of titles IV-E and IV-B, the sections of the Act that govern the foster care, adoption assistance and optional kinship guardianship assistance programs, as well as related expenses for program administration, training, and automated systems; as well as the Chafee Foster Care Independence Program, the Stephanie Tubbs Jones Child Welfare Services program, and the Promoting Safe and Stable Families program. Unlike competitive discretionary grants, waiver demonstration projects do not provide additional funding to carry out new services; rather they allow more flexible use of Federal funds in order to test new approaches to service delivery and financing structures, in an effort to improve outcomes for children and families involved in the child welfare system.

The Child Welfare Demonstration Project authority was first authorized by Congress in 1994 and then was expanded and extended as part of the Adoption and Safe Families Act (ASFA) of 1997 (P.L. 105-89). ASFA authorized the Department to approve up to ten State child welfare demonstrations in each of the five fiscal years (FYs) 1998 – 2002. Subsequent laws extended the authority for additional periods of time, with some lapses, until the authority expired for an extended period on March 31, 2006.

Between FY 1994 and FY 2006, 23 States implemented one or more waiver demonstration projects involving a variety of service strategies, including:

- Subsidized guardianship/kinship permanence;
- Flexible funding and capped IV-E allocations to local agencies;
- Managed care payment systems;
- Services for caregivers with substance use disorders;

- Intensive service options, including expedited reunification services; and
- Adoption and post-permanency services.

While many projects have been completed, as of May 2012, six States have active waiver demonstration projects. One project is focused on services for caregivers with substance abuse disorders and five are flexible funding/capped allocation projects that provide an array of child welfare services to ensure children's safety, prevent removal from home and/or expedite permanency for children in foster care. Additional information on current and past waiver demonstration projects may be found on the Children's Bureau's website at: http://www.acf.hhs.gov/programs/cb/programs_fund/index.htm#child.

Most recently, the Child and Family Services Improvement and Innovation Act, P.L. 112-34, signed into law on September 30, 2011, amended and reauthorized the authority for three additional years from FY 2012 – FY 2014. Among other changes, the law makes any Indian Tribe, Tribal organization or consortium approved to directly operate a title IV-E program in accordance with section 479B of the Act eligible to apply to conduct demonstration projects. The law also establishes additional criteria for being considered to conduct a waiver demonstration project, including a requirement that the title IV-E agency implement at least two child welfare program improvement policies (from a list provided in statute) within three years of the application. One of the program improvement policies must be a policy that the State has not implemented prior to the submission of the application, the other policy or policies may have been previously implemented. Additional information on this requirement and other changes are provided in the sections below, following a discussion of the Department's priorities in considering proposals for new waiver demonstration projects.

States with current child welfare waiver demonstration projects are not subject to the requirements of the new law or this IM when applying for a renewal, except for the statutory requirement that all child welfare waiver demonstration projects authorized by Section 1130 of the Act (including those authorized or extended prior to the passage of P.L. 112-34) must terminate operation by September 30, 2019.

Areas of Priority for New Child Welfare Waiver Demonstrations

The Department welcomes proposals for waiver demonstration projects that address any of a broad variety of issues consistent with the purposes of requirements of the statute. However, because this waiver authority must be limited to approval of 10 new demonstrations in each of FYs 2012 - 2014, the Department will give priority to projects that test or implement approaches that will:

- Produce positive well-being outcomes for children, youth and their families, with particular attention to addressing the trauma experienced by children who have been abused and/or neglected;

- Enhance the social and emotional well-being of children and youth who are available for adoption, as well as those who have been adopted, with a particular emphasis on those

children who have been waiting the longest or are hardest to place in order to achieve and sustain successful adoptions;

- Yield more than modest improvements in the lives of children and families and contribute to the evidence base; and/or

- Leverage the involvement of other resources and partners to make improvements concurrently through child welfare and related program areas, including proposals to establish financial incentives based on the achievement of positive child outcomes.

Many States and child welfare experts have noted that Federal funding is now largely directed to out-of-home care and have suggested that with more flexibility in use of funds, title IV-E agencies could devote more resources to services that could help prevent foster care placement and improve outcomes for children. While there has been significant emphasis in child welfare discussions in recent years related to financing mechanisms, it is unlikely that reorganizing funding mechanisms alone to support children and families prior to or after leaving foster care will improve outcomes for children. Fortunately, as is discussed in more detail below, there is a growing body of evidence suggesting that there are promising and effective approaches to improve outcomes for children and families in which abuse and/or neglect has taken place or is likely to take place. However, such approaches are utilized too rarely by many child welfare agencies. Our goal in facilitating innovation and experimentation in child welfare programs through waiver demonstrations is to improve outcomes for children and, thus, we encourage States to consider whether funding flexibility and improvements in the service strategies for children both at risk of foster care placement and those already placed outside the home could lead to better outcomes for children.

Applicants seeking explicitly to improve well-being outcomes as part of their waiver demonstration proposal will be given priority. The Department will prioritize consideration of waiver applications in which the title IV-E agencies propose to use the flexibility under the demonstrations as a vehicle to test or implement innovative, valid and reliable screening and assessment and evidence-based or evidence-informed intervention approaches that will produce positive well-being outcomes for children, youth and their families, with particular attention to addressing the trauma experienced by children who have been abused and/or neglected. (Please see Information Memorandum ACYF-CB-IM-12-04 on *Promoting Social and Emotional Well-Being for Children and Youth Receiving Child Welfare Services* for additional information.)

Although the child welfare field has not adopted a uniform definition of child well-being, the Department views well-being as encompassing competent and developmentally appropriate functioning across a number of domains (see Appendix II –Well-Being Framework). The broad domains include: behavioral and emotional functioning, social functioning, cognitive and academic functioning, physical health and development, and mental health. Multiple aspects of functioning may be observed within each of these domains (for example, self regulation skills may be one indicator of behavioral functioning). Further, aspects of competent functioning vary according to the age or developmental status of the child or youth. Child well-being across these domains may be influenced by contextual factors both external and internal to the child, including environmental supports and personal characteristics such as temperament and abilities.

Half of the children who entered foster care in 2005 stayed in foster care for a year or more before exiting;[1] children who exited to adoption in 2011 had been in care following termination of parental rights for an average of nearly 14 months;[2] and youth who age out of foster care are likely to have been in care longer than children exiting to adoption or reunification.[3] Given these facts, there is sufficient time to effectively intervene in the lives of children and show improvements in functioning.

This emphasis on well-being outcomes in child welfare waiver demonstrations is now timelier than ever before. Within the last decade, the field of knowledge of what works for promoting behavioral, social, and emotional well-being among children with an array of challenges, including the types of challenges faced by those who have experienced maltreatment, has grown greatly. The emergence of promising and effective interventions at multiple levels – at the child level related to trauma and behavioral/mental health; at the older youth level related to the relational health and social and emotional well-being; and at the caregiver level related to increasing capacity to care for their children – provides an opportunity to impact the life circumstances of families as a whole. Evidence-based and evidence-informed practices and interventions that are tailored to meet the needs of children and youth who have experienced trauma and have behavioral and mental health needs and their families do exist and their use can be increased.

These evidence-based and evidence-informed practices have been developed to address the most common mental health diagnoses, trauma symptoms and behavioral health needs of children and show measurable improvements or promising results. (Evidence-based and evidence-informed practices such as Trauma-Focused Cognitive Behavioral Therapy, Multisystemic Therapy, Parent-Child Interaction Therapy, Triple P, and Parenting Wisely are examples.) These interventions show measurable improvements or promising results in decreasing emotional/behavioral symptoms; diminishing depression, anxiety; increasing the ability to self-regulate; improving physical health; and helping traumatized children and youth form and maintain healthy attachments. Many of the evidence-based and evidence-informed practices designed to improve child functioning also improve parenting capacities. There are also evidence-based and evidence-informed interventions geared toward improving outcomes related to youth skill development, education, and employment. (National Guard Youth Challenge, Career Academies and Big Brothers/Big Sisters are examples.) Many of these practices are available but have not been brought to scale or targeted to the foster care population even though they have been shown to improve functioning. Others have shown promising results and should be evaluated more broadly as they are implemented more widely. States and Tribes considering

[1] Wulczyn, F., Chen, L., & Hislop, K.B. (2007) Foster care dynamics 2000–2005: A report from the Multistate Foster Care Data Archive. Chicago: Chapin Hall Center for Children at the University of Chicago.
[2] U.S. Department of Health and Human Services (USDHHS); Administration for Children and Families (ACF); Administration on Children, Youth and Families. (2002-2011) Adoption and Foster Care Analysis and Reporting System (AFCARS) Reports No. 18. Washington, DC: Author. Accessed on February 29, 2012, at http://www.acf.hhs.gov/programs/cb/stats_research/index.htm#afcars.
[3] Goerge, RM, et al. (2002). Employment outcomes for youth aging out of foster care. Chicago, IL: University of Chicago, Chapin Hall Center for Children. Available at: http://aspe.hhs.gov/hsp/fostercare-agingout02/.

applying for a waiver demonstration should weigh the strength of available evidence in support of the interventions considered.

In addition to improving overall functioning, many behavioral and psychosocial interventions are considered first-line or concurrent treatments for children for whom a psychotropic medication is being considered or used. Children in foster care are prescribed psychotropic medications, including antipsychotic medications, at higher rates (in 2007, 12.4% of children in foster care were prescribed antipsychotic medications, compared to 1.6% of children participating in Medicaid programs[4]) and addressing the higher rates of psychotropic medication use with children in foster care is one component of the overall strategy to address their social and emotional needs. The Department is taking steps to increase oversight and monitoring of psychotropic prescription use in addition to promoting the use of effective interventions to meet the needs of this vulnerable population. (Please refer to Information Memorandum ACYF-CB-IM-12-03 on *Promoting the Safe, Appropriate, and Effective Use of Psychotropic Medication for Children in Foster Care* for further details.)

Many of the children who struggle with social and emotional needs, also struggle in school. The Individualized Education Plan (IEP) is an important opportunity for the child welfare and education systems to collaborate on the development of a comprehensive, non-duplicative service array that improves the well-being outcomes of children and youth.

In recent years, public and private sector organizations have produced extensive, publicly available lists and databases of evidence-based and evidence-informed interventions for improving well-being outcomes in vulnerable children. These include, among others, SAMHSA's National Registry of Evidence-Based Programs and Practices (NREPP) and the U.S. Department of Justice's CrimeSolutions.gov. The Agency for Healthcare Research and Quality is currently conducting an evidence review of "Interventions Addressing Child Exposure to Trauma: Child Maltreatment and Family Violence," which will be available later in the year.[5] Additionally, many institutions, including SAMHSA and organizations funded by HHS including the National Child Traumatic Stress Network (NCTSN) and, the National Early Childhood Technical Assistance Center (NECTAC), have published publicly-accessible reviews of valid and reliable instruments for screening and assessing various aspects of social-emotional well-being with different populations and age groups. As such, not only is it more feasible than ever to identify and implement evidence-based and evidence-informed interventions, it is also now more feasible for title IV-E agencies and service providers to identify child-level problems and assess changes in well-being outcomes during and after the use of an intervention. (Screening and assessment tools such as the Strengths and Difficulties Questionnaire, the Child Behavior Checklist, Child and Adolescent Needs and Strengths, Social Skills Rating System, and the Trauma Symptom Checklist are examples.)

Child welfare and mental health systems can develop the capacity to install, implement, and sustain these evidence-based and evidence-informed interventions by using research to identify

[4] Foti, ME; et al. (2010). Antipsychotic medication use in Medicaid children and adolescents. Rutgers University Center for Education and Research on Mental Health Therapeutics.

[5] http://www.effectivehealthcare.ahrq.gov/index.cfm/search-for-guides-reviews-and-reports/?pageaction=displayproduct&productid=846

effective and promising interventions that meet the needs of the specific population to be served; making needed adaptations to bring the interventions to scale within the child welfare system, developing an awareness of principles of evidence-based practices among staff at all levels; and reorganizing infrastructure to support implementation fidelity and further evaluations of these practices and interventions.

Waiver demonstrations can be an important mechanism by which title IV-E agencies implement and scale up effective screening, assessment and interventions focused on well-being outcomes. Waiver demonstrations can support title IV-E agencies in their efforts to shift from a reliance on generic interventions to interventions with demonstrable improvements in outcomes. In a study of children receiving mental health services, McCrae Guo, and Barth (2010) found that children who received typical mental health services had more behavioral problems over time than those who received none. It is important to note that McCrae *et al.* notes that the "study should not be understood to indicate that all [mental health services for children involved with [child welfare services] are ineffective; rather, it indicates that children [in child welfare] do not predictably receive services that are sufficient to help them overcome their behavioral difficulties".[6]

Concurrently, there is often a struggle encountered with successfully scaling up selected evidence based interventions while converting the old service array to new, evidence-supported services. Title IV-E agencies that coordinate efforts within and across departments to innovatively re-tool the complement of services available to youth and families in the child welfare system are more likely to achieve sustainable change. Service coordination at the State and local level can benefit from the growing effort across Federal agencies, including the Substance Abuse and Mental Health Services Administration, National Institutes of Mental Health, National Institute on Drug Abuse, Department of Justice, Department of Education, and others, to promote improved well-being outcomes and the use of effective practices.

It is important to note that many of the evidence-based and evidence informed interventions that address children's behavioral and mental health needs and improve child functioning require the involvement of parents and caregivers and specifically include them in the healing and recovery process. Often these interventions are focused on increasing parenting capacities regarding provision of safe and nurturing environment and consistent interactions. Parents and caregivers need support in managing the behaviors of children who have experienced maltreatment and in providing an environment in which healing can occur. In such supportive contexts, children can learn "the value, purpose and safety of relationships."[7] In order to achieve better outcomes for children who have experienced maltreatment, it is essential to engage families, whether biological, foster, or adoptive, in the process of healing and recovery. As parents and caregivers become better equipped to provide a safe, nurturing and healing environment, permanency becomes far more likely and more sustainable.

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[6] McCrae, J.S., Barth, R., and Guo, S. (2010) *Changes in maltreated children's emotional-behavioral problems following typically provided mental health services.* American Journal of Orthopsychiatry. 80(3). 350-361.

[7] Rees, CA. (2010). All they need is love? Helping children to recover from neglect and abuse. *Archives of Diseases in Childhood*. 96:969.Roeser, R. W., Strobel, K. R., & Quihuis, G. (2002). Studying Early Adolescents' Academic Motivation, Social-Emotional Functioning, and Engagement in Learning: Variable- and Person-Centered Approaches. *Anxiety, Stress & Coping, 15*(4), 345-368.

The movement toward well-being is not a move away from the important emphasis on safety and permanency; rather an integrated approach is needed. Program models can concurrently meet the social and emotional well-being needs of children and the goal of permanency by ensuring the receipt of effective behavioral and mental health services while also pursuing permanency, including increasing the recruitment of adoptive families able and willing to care for children with those needs, when reunification is not an option. Recruitment is enhanced when programmatic components include staffing for small caseloads (i.e. actively serve only 12 to 15 children at a time) to allow for a focus on building a relationship with the child, conducting a thorough case record review, assessing the child, ensuring the child and prospective family are prepared for adoption, building networks of support, developing, updating and implementing a recruitment plan, and performing a diligent search for adoptive resources.[8] One national evaluation found that among children who had mental health disorders, those served by a recruitment program were more than three times as likely to be adopted as those the program did not serve.[9] In addition to intensive recruitment efforts, ensuring that children receive effective behavioral and mental health services is critical to facilitating a smoother transition to an adoptive home, and can decrease the chances of a disruption of an adoption.

Importantly, a longitudinal study of adopted children found that children adopted from foster care have high rates of behavior problems at 2, 4, and 8 years following their adoption. These rates were much higher than what would be expected in the general population.[10] This suggests that although achieving permanency through adoption for waiting children and youth is critical, it is not sufficient to ensure the longer-term behavioral health of children who have been adopted. Therefore, with regard to proposals that look to address adoption, priority in the waiver demonstration will be given to those interested in identifying and testing approaches that enhance the social and emotional well-being of children and youth who are available for adoption, as well as those who have been adopted, with a particular emphasis on those children who have been waiting the longest or are hardest to place in order to achieve and sustain successful adoptions.

The overall focus on promoting well-being outcomes of children and youth who have experienced maltreatment provides title IV-E agencies the opportunity to support meaningful and measurable improvements in children's functioning across the domains of behavioral and emotional functioning, social functioning, cognitive and academic functioning, physical health and development, and mental health. This approach requires a shift to continuously monitoring child and family improvements in functioning rather than the more common approach of monitoring access to services. It also includes measuring how young people are doing in the well-being outcome domains and tracking whether they are improving in these areas as they receive services. The Early and Periodic Screening, Diagnostic and Treatment (EPSDT) benefit

[8] Malm, K., Vandivere, S., Allen, T., DeVooght, K., Ellis, R., McKlindon, A., Smollar, J., Williams, E. and Zinn, A. (2011). Evaluation Report Summary: The Wendy's Wonderful Kids Initiative, Child Trends, Washington, D.C.
[9] Vandivere, S., Allen, T., Malm, K. McKindon, A., and Zinn, A. (2011) *Technical Report #2: Wendy's Wonderful Kids Program Impacts,* Child Trends, Washington, D.C. Retrieved from: http://www.davethomasfoundation.org/about-foster-care-adoption/research/read-the-research/technical-report-2/
[10] Simmel, C.; et al. (2007). Adopted youths psychosocial functioning: A longitudinal perspective. *Child and Family Social Work*. 12(4):336. BPI: Behavior Problems Index

and Part C of Individuals with Disabilities Education Act (IDEA) provide important screenings to children in child welfare and could be used to purposefully screen for mental health and developmental needs. At the system level, data from evidence-based screenings and assessments can help title IV-E agencies understand how successful their efforts are in achieving positive outcomes for children and youth.

The Department will give priority to proposals testing policy alternatives that are innovative as well as 1) likely to yield more than modest improvements in the lives of children and families and 2) contribute to the evidence base on what works to improve the lives of children and families. The Department encourages States and Tribes that may be planning to propose demonstration projects similar to each other, to consider collaborating on the design of the projects and evaluations, to produce a test of the same demonstration project in diverse settings.

In addition, Title IV-E agencies are also encouraged to consider particular strategies, mechanisms, or projects which, if undertaken concurrently with their waiver project, would improve access to, coordinate, and/or find efficiencies in the delivery of effective mental and behavioral health services to children and youth and their families involved in child welfare and ensuring continuity of Medicaid eligibility as children move in and out of foster care. Title IV-E agencies are encouraged to engage in a dialogue with State Medicaid and mental health agencies and consider new and existing opportunities in Medicaid and/or other program areas to complement Medicaid's efforts to serve children with special needs. Several opportunities may exist to link with Medicaid, such as technical assistance available through the Centers for Medicare & Medicaid Services (CMS) for health homes.

In testing new program approaches to the delivery of child welfare services, the Department encourages proposals that leverage resources and make improvements concurrently through child welfare and through related program areas. For example, title IV-E agencies can connect with State planning efforts related to mental health, such as efforts to take the "System of Care" model statewide through the Children's Mental Health Initiative or the use of Mental Health Block Grant funds. Alignment with other Federal activities such as plan amendments, waivers or discretionary funding opportunities is a means by which to make significant progress in the improvement of child well-being. To the extent this approach is taken, applicants must explain to what degree either (1) improvements can be accomplished through coordination within another program's existing authority or a plan amendment; or (2) coordinated improvements require waivers in another program.

Proposals that involve projects of other relevant Federal initiatives (e.g. title XIX (Medicaid) State Plan Amendments and/or waivers in Medicaid or other programs) will be strongly considered. Some examples of strategies for aligning a title IV-E waiver project with a Medicaid waiver include allowing for a behavioral health intervention to be provided in a Home and Community Based setting; parents to participate in an evidence-based intervention with their child; or targeting a particular part of a State without implementing statewide. If waivers in other programs are identified in the proposal, associated non-ACF waiver plans and/or related collaborative activities must be included in the proposal for titles IV-B and E waivers. However, cost neutrality must be measured for titles IV-B and E separately from the cost neutrality calculations associated with other waivers.

Importantly, there is a commitment within the Department to engage with applicants in discussions across multiple Federal agencies, including the Administration for Children and Families, the Centers for Medicare & Medicaid Services and the Substance Abuse and Mental Health Services Administration, to support innovation to improve well-being outcomes.

Performance-based payments, often referred to as "Pay for Success," can be an innovative way to incentivize effective service delivery and channel federal investments to the most effective strategies for improving and measuring child outcomes. We are interested in proposals that would increase the impact of interventions by establishing financial incentives based on the achievement of positive child outcomes, which could also yield longer-term savings in other Federal and State programs providing benefits and services to children and families. These future savings most often occur when children go on to become productive and successful adults rather than accrued while children and their families are engaged with the child welfare system. The proposed arrangements could take many forms and utilizing funding from non-Federal sources, including the philanthropic community and social impact bonds, is encouraged. For example, a state could condition provider payments, or bonuses paid from a foundation partner, on measurable improvement in child well-being outcomes or increased numbers of successful adoptions among the longest waiting children in foster care. Pay for Success strategies supported by title IV-E waivers could support cross-system collaborations with State and Federal programs that serve other at-risk children, provided they are designed to improve outcomes for children served by the title IV-E agency.

Measuring Improvements in Child Welfare and Related Program Areas

Since the child welfare waiver demonstration authority was first created, significant changes have occurred in the child welfare system. After many years of increases, foster care caseloads nationally and in most states have declined significantly in recent years. Nationally, the number of children in foster care declined by 22 percent from 523,000 in FY 2002 to 408,000 in FY 2010. The number of children adopted each year from foster care grew dramatically from approximately 31,000 in 1997 to annual numbers between 50,000 and 57,000 in each of FYs 2002 – 2010. Child welfare practice has evolved with increasing emphasis on areas such as the importance of social and emotional well-being, family engagement, maintaining family connections for children and youth in foster care, greater use of kinship care, and the recognition of assisted kinship guardianship as an important permanency option for children in foster care for whom reunification and adoption are not appropriate.

The quality of data available to inform child welfare practice and policy has also improved significantly in recent years and the measurement of performance outcomes and other metrics has become a key part of both Federal monitoring and State-level quality assurance and accountability processes. Since the passage of the Adoption and Safe Families Act of 1997, the three outcome areas of safety, permanency and well-being have been embraced as the overarching goals of the child welfare system. Through the Child and Family Service Reviews (CFSRs), the Children's Bureau has assessed State performance in the areas of safety (children are protected from abuse and neglect; children are safely maintained in their homes when possible and appropriate), permanency (children are in permanent and stable living situations;

family relationships and connections are preserved), and family and child well being (family's capacity to provide for children's needs is enhanced; children receive appropriate educational services; children receive adequate physical and mental health services).

While significant attention has been paid to all three areas, the assessment and measurement of well-being has often lagged behind safety and permanency and represents an important area for continued improvement. Therefore, the Department expects demonstration proposals to seek to measure improvements in both family capacity to provide for children's needs and in child functioning in the well-being domains.

The demonstration waivers will provide an excellent means of better understanding the extent to which interventions can lead to improvements in well-being domains and the evaluation techniques that are best suited to measuring changes in these important areas. We encourage applicants to address in their proposals how changes in these key domains of child and family well being will be measured, including the specific measures that will be used in each area and how the data will be collected on those measures. Examples of measures include emotional management skills, prosocial behavior, pre-academic skills (e.g., numeracy), school engagement, graduation, achieving normative standards for growth and development, and social connections. We also encourage applicants to develop evaluations in a manner that informs child welfare as well as other program areas (e.g. Medicaid, TANF, education, juvenile justice) that may be a collaborative partner in the proposal.

REQUIREMENTS FOR NEW CHILD WELFARE WAIVER DEMONSTRATION PROJECTS:

Eligible Applicants

Eligibility for child welfare waiver demonstration projects is limited to title IV-E agencies, that is:

- States administering or supervising administration of title IV-E; and
- Indian Tribes, Tribal organizations or consortia approved to directly operate a title IV-E program in accordance with section 479B of the Act.

Goals

Section 1130(a)(3)(A), as amended by P.L. 112-34, requires that the title IV-E agency applying for a child welfare waiver demonstration project shall have one or more of the following goals:

- Increase permanency for all infants, children, and youth by reducing the time in foster placements when possible and promoting a successful transition to adulthood for older youth.

- Increase positive outcomes for infants, children, youth, and families in their homes and communities, including tribal communities, and improve the safety and well-being of infants, children, and youth.

- Prevent child abuse and neglect and the re-entry of infants, children, and youth into foster care.

Section 1130(a)(3)(A)(ii), provides that, in designing a demonstration project to accomplish one or more of the goals above, title IV-E agencies may elect to establish programs in the two areas described below. However the statute does not require or limit the waiver proposals to these areas:

- A program that permits title IV-E foster care maintenance payments to be made on behalf of a child residing with a parent in a long-term therapeutic family treatment center. A long-term therapeutic family treatment center is defined as a State or Tribe licensed or certified program that enables parents and their children to live together in a safe environment, for a period of not less than 6 months and which provides on-site or by referral, substance abuse treatment services, children's early intervention services, family counseling, legal services, medical care, mental health services, nursery and preschool, parenting skills training, pediatric care, prenatal care, sexual abuse therapy, relapse prevention, transportation, and job or vocational training or classes leading to a secondary school diploma or a certificate of general equivalence (sections 1130(a)(3)(A)(ii) and (8)(B) of the Act).

- A program to identify and address domestic violence that endangers children and results in the placement of children in foster care (section 1130(a)(3)(A)(ii) of the Act).

The Department will consider a waiver application including or consisting of such a component, in accordance with all the requirements of the law and the procedures outlined in this IM.

Requirement to Implement Child Welfare Program Improvement Policies

P.L. 112-34 amended section 1130(a)(3)(C) of the law to add an eligibility requirement. In order to be considered for a child welfare waiver demonstration, a title IV-E agency must demonstrate that it has implemented, or plans to implement within 3 years of the date on which it submits its application to conduct the demonstration project or 2 years after the date on which the Secretary approves such demonstration project (whichever is later), at least 2 child welfare program improvement policies from the list below.

At least one of the child welfare program improvement policies to be implemented must be a policy that the title IV-E agency has not previously implemented as of the date on which it submits an application to conduct the demonstration project; the other policy or policies may have been previously implemented. Note that implementation of such policies may be undertaken independent of the proposed child welfare waiver demonstration project or implemented as an integral part of the proposed child welfare waiver demonstration project.

Child Welfare Program Improvement Policies:

1) *Foster Care Bill of Rights*: Establishment of a bill of rights for infants, children, and youth in foster care that is widely shared and clearly outlines protections for infants,

children, and youth, such as assuring frequent visits with parents, siblings, and caseworkers, access to attorneys, and participation in age-appropriate extracurricular activities, and procedures for ensuring the protections are provided.

2) *Addressing Health and Mental Health Needs of Children in Foster Care*: The development and implementation of a plan for meeting the health and mental health needs of infants, children, and youth in foster care that includes ensuring the provision of such care is child-specific, comprehensive, appropriate, and consistent, through such means as ensuring that the child has a medical home, regular wellness medical visits, and addressing the issue of trauma, when appropriate.
3) *Title IV-E Guardianship Assistance Program:* An amendment to the title IV-E plan that exercises the option to implement a kinship guardianship assistance program (GAP).
4) *Increase Age Limit for Title IV-E programs*: An election in the title IV-E plan that defines "child" so as to extend eligibility for title IV-E foster care, adoption assistance and, if applicable, kinship guardianship assistance programs beyond the age of 18 up to age 21.
5) *Limiting Use of Congregate Care*: The development and implementation of a plan that ensures congregate care is used appropriately and reduces the placement of children and youth in such care.
6) *Keeping Siblings Together:* For infants, children, and youth in out-of-home placements, substantially increasing the number of cases of siblings who are in the same foster care, kinship guardianship, or adoptive placement, above the number of such cases in fiscal year 2008.
7) *Recruiting and Supporting High Quality Foster Family Homes:* The development and implementation of a plan to improve the recruitment and retention of high quality foster family homes trained to help assist infants, children, and youth swiftly secure permanent families. Supports for foster families under such a plan may include increasing maintenance payments to more adequately meet the needs of infants, children, and youth in foster care and expanding training, respite care, and other support services for foster parents.
8) *Preparing Youth in Transition:* The establishment of procedures designed to assist youth as they prepare for their transition out of foster care, such as arranging for participation in age-appropriate extra-curricular activities, providing appropriate access to cell phones, computers, and opportunities to obtain a driver's license, providing notification of all sibling placements if siblings are in care and sibling location if siblings are out of care, and providing counseling and financial support for post- secondary education.
9) *Description of Procedures to Assist Youth in Foster Care to Reconnect with Biological Family Members:* Inclusion in the title IV-E plan of a description of the title IV-E agency's procedures for ensuring that foster youth ages 16 and older are engaged in discussions regarding their desire to reconnect with biological family members, including during the development of transition plans required by the case plan and case review requirements of Section 475(1)(D) and 5(H) of the Act. Such discussions must:
    - Explore whether the youth wishes to reconnect with his or her biological family, including parents, grandparents, and siblings, and, if so, what skills and strategies the youth will need to successfully and safely reconnect with those family members;
    - Provide appropriate guidance and services to assist youth who affirm a desire to reconnect with biological family members to safely and successfully achieve this goal; and

- When appropriate, make efforts to include biological family members in the reconnection effort.

10) *Establishment of Specific Programs to Prevent Foster Care Entry or Provide Permanency:* The establishment of one or more of the following programs that are designed to prevent infants, children, and youth from entering foster care or to provide permanency for infants, children and youth in foster care:
    - An intensive family finding program
    - A kinship navigator program
    - A family counseling program, such as family group decision-making program, which may include in-home peer support for families.
    - A comprehensive family-based substance abuse treatment program
    - A program under which special efforts are made to identify and address domestic violence that endangers infants, children, and youth and puts them at risk of entering foster care.
    - A mentoring program.

Evaluation

The demonstration projects must include a strong evaluation component that will help agencies to learn the extent to which new interventions are successful in improving outcomes and addressing identified targets for change.

Section 1130(f) requires that each title IV-E agency authorized to conduct a demonstration project must obtain an evaluation by an independent contractor to assess the effectiveness of the project. The evaluation plan, at a minimum, must provide for:

- a comparison of methods of service delivery under the project, and such methods under a State or Tribal plan or plans, with respect to efficiency, economy and any other appropriate measures of program management;

- a comparison of outcomes for children and families (and groups of children and families) under the project, and such outcomes under a State or Tribal plan or plans, for the purposes of assessing the effectiveness of the project in achieving program goals; and

- any other information the Department may require.

The Department expects all proposals, regardless of area of focus, include high-quality measurement of well-being outcomes for all children and families served under the waiver, including those receiving in-home services.

In general, evaluations must include:

- *Process Evaluation*: The process evaluation examines how the demonstration has been implemented, including the policies and procedures that have been put in place, the types

and volumes of services delivered and the characteristics of the population served. The process evaluation should include measures of implementation readiness and program implementation fidelity. During the conduct of the demonstration, the process evaluation should provide early feedback as to whether or not the demonstration has proceeded as intended, what barriers have been encountered and what changes are needed to allow for successful implementation. At the conclusion of the project, the process evaluation should help answer questions about why the intended outcomes were or were not achieved.

- *Outcome Evaluation*: The outcome evaluation should include a series of testable hypotheses concerning the changes in child, family and system outcomes that the demonstration is intended to achieve. The outcome evaluation should address whether or not any observed changes in children, families, and systems are attributable to the activities conducted under the demonstration, and if such outcomes are different from those that would have been achieved under "services as usual" conditions. The specific outcomes to be assessed will be developed in the context of each individual demonstration, but must include measures of safety, permanency and well-being.

- *Cost Analysis*: A cost analysis examines the costs of services received by children and families in various cost categories, for example, service type, funding source, service provider, costs per family or child, etc. The analysis may involve a longitudinal examination of changes in costs over time, i.e., how service costs prior to the start of the demonstration differed from costs following implementation, or a comparative analysis of the costs of services received by children and families assigned to the demonstration versus the costs of services for those that did not receive demonstration services. A cost analysis should include an examination of the use of key funding sources, including Federal sources such as titles IV-A, IV-B, IV-E and XIX of the Social Security Act, as well as State, local and Tribal funds. When feasible, a cost analysis may also include a cost-effectiveness component that estimates the costs incurred for each successful outcome achieved through the demonstration. Using these methods, a cost analysis provides a frame of reference for understanding the relationship between demonstration costs and results.

Section 1130(a)(6) precludes the Department from considering whether or not a demonstration proposes to use an experimental design employing random assignment of individuals or groups to experimental and control groups in evaluating waiver demonstration proposals. Consistent with this provision, the Department will not give preference to a project employing random assignment in determining whether to approve waiver demonstrations.

Nonetheless, the Department expects that title IV-E agencies will propose to use a rigorous evaluation design that is appropriate to the intervention being tested, while ensuring that its evaluation techniques do not themselves have unintended or negative consequences on children. In many instances, an experimental design may prove to be the approach most likely to detect changes in outcomes attributable to the demonstration, particularly in a demonstration focused on a discrete service intervention that is not generally available to all children and families under current services. Therefore, we urge applicants to consider use of experimental designs in

appropriate circumstances. However, the Department will consider other rigorous evaluation designs that provide reliable data, such as propensity score matching, other matched comparison group designs, regression discontinuity designs or designs involving longitudinal analysis of outcomes.

The Department has awarded a national contract to collect information from the approved demonstration projects; to produce annual reports for the Department and the general public; to collect, synthesize and report on the results of the individual demonstration projects' evaluations; to organize an annual meeting of demonstration project representatives and their evaluators; to assist demonstration project sites in resolving evaluation problems; to assist the Department in assuring that title IV-E agencies with approved demonstrations are informed of and able to profit from the experience of other demonstration projects; and to prepare a national summary of the child welfare demonstrations at the completion of the project periods. All Title IV-E agencies proposing a demonstration must provide an assurance that they will cooperate and collaborate in this evaluation effort.

General Considerations and Provisions Not Subject to Waiver

Projects conducted under the authority of Section 1130 of the Act must be consistent with the purposes of titles IV-B and IV-E of the Act. In addition, Section 1130 (b)excludes certain provisions of titles IV-E and IV-B from waiver. They are:

- **Section 422(b)(8) of the Act** - This section is a title IV-B plan requirement that includes an assurance that the Title IV-E agency is operating a statewide information system which can determine the status of children in foster care; a case review system which provides certain protections for children in foster care (see section 475(5) of the Act for detailed explanation of case review requirements); a service program designed to help children achieve permanency; a preplacement preventive services program to help children remain safely with their families; and also has procedures and policies relating to abandoned infants.

- **Section 479** of the Act – This section establishes the data collection requirements for the Adoption and Foster Care Analysis and Reporting System (AFCARS).

- Any provision of title IV-E to the extent that a demonstration project would impair the entitlement of any qualified child or family to benefits under Part E.

In addition, the Department has determined that it will exclude from waiver those provisions of sections 471(a)(8) and (12) which provide for confidentiality and fair hearings, respectively. All other provisions may be waived at the discretion of the Secretary, provided the waiver is consistent with the purposes of the statute.

While the Department is committed to working with title IV-E agencies to consider a range of proposals, it may disapprove or limit proposals on policy grounds and will not approve waivers that create potential constitutional problems or violate civil rights laws or equal protection requirements.

Additional Considerations and Limitations

The statute places additional limitations on the waiver requests that can be approved:

Health Insurance for Adopted Children with Special Needs: Section 1130(a)(4) specifies that the Secretary may not approve a demonstration project for any title IV-E agency that fails to provide health insurance coverage to any child with special needs (as determined under section 473(c) of the Act) for whom there is in effect an adoption assistance agreement (whether supported by title IV-E or not) between a title IV-E agency and an adoptive parent or parents.

Consideration of Applicant's Readiness to Implement the Demonstration: Section 1130(a)(3)(B) requires the title IV-E agency as part of its proposal for a waiver demonstration to demonstrate through a narrative description the title IV-E agency's capacity to effectively use the authority to conduct a demonstration project by identifying changes the title IV-E agency has made or plans to make in policies, procedures, or other elements of the title IV-E child welfare program that will enable the Title IV-E agency to successfully achieve the goal or goals of the project.

Consideration of Court Orders and CFSR Program Improvement Plans: Section 1130(a)(5) requires the Secretary to consider the effect of any proposed demonstration submitted by a title IV-E agency in which there is a court order in effect that determined that the Title IV-E agency's child welfare program failed to comply with titles IV-B or IV-E of the Social Security Act or the U.S. Constitution. Likewise, the law also now requires the Secretary to consider the effect of any proposed demonstration on a State's ability to carry out a CFSR Program Improvement Plan (PIP).

Therefore, the Department requires that all proposals must: (1) identify whether a court order as described above is in effect; (2) address the status of the applicant's CFSR PIP; and (3) provide an analysis of whether and how the proposed demonstration would affect the ability of the applicant to successfully comply with the terms of the court order and/or complete its CFSR PIP.

Duration

Section 1130 (d) of the Act, as amended, limits the duration of the demonstration to not more than five years unless in the judgment of the Secretary, the demonstration project should be allowed to continue. The law further provides that all child welfare waiver demonstration projects authorized by Section 1130 of the Act (including those authorized or extended prior to the passage of P.L. 112-34) must terminate operation by September 30, 2019.

Cost-Neutrality

Section 1130 (h) requires that the demonstration project be cost-neutral, that is, the total amount of Federal funds used to support the demonstration will not exceed the amount of Federal funds that would have been expended by the title IV-E agency under the State/Tribe plans approved under Parts B and E of title IV of the Act, if the Demonstration project were not conducted. Therefore, if a project incurs expenses exceeding the Federal cost-neutrality limit, the title IV-E agency is responsible for amounts above that limit. The Department will work with and

determine at the beginning of each demonstration that the project can be reasonably expected to be cost-neutral. The unique circumstances of each applicant will be considered.

Methods for Measuring Cost-Neutrality: Over the years, the Department has developed several approaches for assessing and tracking cost-neutrality and will share these methodologies with applicants as part of technical assistance efforts. The Department will continue to examine quarterly claims and otherwise monitor demonstration projects to track interim results and spending and to assure Federal cost-neutrality as the demonstration project progresses.

In many waiver demonstration projects, the methodology for assessing cost neutrality has been tied to the evaluation design employed to measure outcomes of the project. For instance, in a project using an experimental or a matched comparison design for evaluation purposes, allowable title IV-E costs claimed for individuals assigned to the control (or services as usual) group can be used to set the limit for the amount of title IV-E funds that may be claimed for individuals assigned to the experimental (or waiver services) group.

In other projects, one group of counties in a State not participating in the waiver demonstration has served as a comparison group for another group of counties participating in the demonstration. In these instances, cost-neutrality limits for participating counties are established by applying rates of growth or decline observed in the comparison counties to counties participating in the waiver.

In other projects, a capped allocation for the full term of the waiver demonstration has been negotiated upfront, based on historic expenditure and caseload trends prior to implementation of the waiver demonstration.

The Department will work with each applicant to discuss appropriate options for assessing cost-neutrality in the context of the specific demonstration project proposed by the title IV-E agency. Applicants, particularly those proposing statewide waivers, are encouraged to look at options that may be a hybrid of previously used methodologies, and to consider the cost-neutrality approaches for demonstration projects in other programs, like Medicaid, and for which some, but not necessarily all, components of expenditures under Parts B and E of title IV might be incorporated into mechanisms to measure cost-neutrality. Additionally, measurement of cost-neutrality limits is not intended to disadvantage a title IV-E agency that wants to adopt a current law option that they can exercise without a waiver (e.g., title IV-E kinship guardianship assistance option).

Non-Federal Share: It is important to remember that under a waiver demonstration program, a title IV-E agency is still operating the project under the authority of the titles IV-B and IV-E of the Act, which require agencies to pay specified amounts in non-Federal funds in order to receive Federal Financial Participation (FFP). To be able to claim the full amount of title IV-E FFP for any title IV-E funds that would be allowed under the cost-neutrality formula, a Title IV-E agency must first expend sufficient non-Federal funds for such child welfare purposes. In other words, while waiver demonstrations allow title IV-E agencies to use title IV-E funds for purposes not normally allowable under the traditional program, the agency must still expend the full amount that would have been spent under the traditional program.

Use of Savings: Title IV-E agencies are required to use any Federal or State/Tribal funds that are saved or freed up under a demonstration and that are not expended for purposes approved as part of the demonstration for other child welfare purposes authorized by titles IV-B and IV-E of the Act.

Costs Excluded from Cost-Neutrality Limit: The costs of the required independent evaluation of each title IV-E agency's demonstration project will be excluded from the cost-neutrality calculation. In addition, the costs for the development of the proposal and the evaluation design, as well as the costs of the evaluation itself, may be directly charged as title IV-E administrative costs without needing to allocate costs to other benefiting programs. This means that a title IV-E agency may claim a full 50 percent of allowable developmental costs and evaluation costs as title IV-E administrative costs.

Public Notice Procedures

The Department recognizes the importance of public input into the process of developing and implementing a waiver demonstration project. Therefore, the public must have a meaningful opportunity to provide input into the decision-making process prior to the time a proposal is approved by the Department. The Department requires that a title IV-E agency notify the public that a child welfare demonstration project is being proposed and provide an opportunity for comment. Input may be obtained through public hearings, formal notice and comment procedures and notice of the intent to submit a demonstration proposal on prominent websites and/or in newspapers of general circulation, with an opportunity for the public to comment. Additionally, the Department will post on-line, completed proposals (i.e., those that fully address the minimum requirements set forth in the authorizing legislation) and provide a mechanism for public comment on those proposals prior to a decision on those applications. Additionally, the Department will post all public comments it receives on the posted proposals.

Proposal Submission Procedures

A two-step procedure is provided to speed the review process and focus the Department's programmatic and technical assistance efforts. The steps, described below, involve the title IV-E agency submitting a letter of intent, followed by a full proposal at a later date. The Department will begin working with a Title IV-E agency to respond to specific questions upon receipt of its letter of intent. While the Department will review proposals not preceded by a letter of intent, the two-step process will facilitate provision of technical assistance and assist the Department in planning for the review of all proposals.

It is essential that both programmatic, financial and data officials from the title IV-E agency, as well as representatives from any partnering agencies, collaborate in the development of the proposal.

Letter of Intent

Applicants are requested, but not required, to submit a letter of intent-prior to submission of the full proposal. The letter of intent should indicate the Title IV-E agency's intention to submit a proposal and briefly describe the demonstration project, including the nature of the intervention the agency wishes to implement, the target population the agency wishes to serve, the reasons for selecting the proposed project and the evaluation design that the title IV-E agency is considering. **Please submit letters of intent by June 4, 2012 to cwwaivers@acf.hhs.gov.**

Proposals

Proposals are due by July 9, 2012 and must be submitted electronically to cwwaivers@acf.hhs.gov.

The Department will accept proposals after the July 9 due date, however, applicants should be advised that later submissions may not be able to be reviewed prior to the end of FY 2012. Proposals received during FY 2012 that are not able to be reviewed during that time period will be carried over for consideration in FY 2013.

Proposals for new waiver demonstrations must address all of the points below:

1) Clearly describe the purpose of proposed project. Explain the problem or issue that the demonstration is expected to address. Articulate the hypothesis that will be tested through the implementation of the program evaluation. Describe how the project is innovative and how it will foster improved child and family well being.

2) Describe which of the following goals identified in statute that the project is intended to accomplish:

    - Increase permanency for all infants, children, and youth by reducing the time in foster placements when possible and promoting a successful transition to adulthood for older youth.

    - Increase positive outcomes for infants, children, youth, and families in their homes and communities, including tribal communities, and improve the safety and well-being of infants, children, and youth.

    - Prevent child abuse and neglect and the re-entry of infants, children, and youth into foster care.

3) Identify the target population to be served, including an estimate of the number of children or families who would be served by the proposed project; the estimated number of title IV-E foster cases involved; demographic information; child welfare status and history (e.g., substantiated reports of abuse and neglect, foster care status, lengths of stay in care) and other identified risk factors of the target population (e.g., parental substance abuse).

4) Identify the geographic area(s) in which the proposed project will be conducted.

5) Clearly describe the service intervention(s) the title IV-E agency intends to implement under the demonstration. Indicate whether the proposed interventions are evidence-based or evidence-informed. Describe why the proposed interventions(s) were selected to meet the needs of the identified target population.

6) Identify the time period in which the project will be conducted.

7) Outline the specific outcomes on which the title IV-E agency expects the demonstration to have an impact, including outcomes relating to safety, permanency, and well-being. The Department expects all child welfare demonstrations to include specific measures assessing both family capacity to provide for children's needs and child functioning in the well-being domains. In addition, the Department expects that demonstrations will measure not only the achievement of permanency, but appropriate post-permanency measures, such as whether children re-enter care, whether adoptions or guardianships disrupt or dissolve and any other pertinent information on how children and families fare after discharge from foster care.

8) Describe the evaluation design the title IV-E agency proposes to employ. Provide a justification of why the proposed approach is the most rigorous and appropriate approach to evaluation that will enable the title IV-E agency to accurately determine the impact and effectiveness of the program intervention(s).

9) Provide an estimate of the costs or savings of the project, along with a description of the basis for projecting that the project would be cost-neutral overall.

10) Present a reliable method of measuring and ensuring Federal cost-neutrality over the course of the demonstration.

11) Describe any similar project already underway in the State or tribal service area that is supported by State, tribal or private foundation funds and how these activities will be affected if the title IV-E agency is approved to undertake the demonstration. If the child welfare waiver demonstration is intended to be operated in conjunction or collaboration with other relevant Federal initiatives (e.g. title XIX (Medicaid) State Plan Amendments and/or waivers in Medicaid or other programs, provide information on these associated collaborative activities. Explain to what degree (1) the proposed collaboration can be accomplished through coordination within the other program's existing authority or a plan amendment; or (2) whether coordinated activities will require approval of waivers in another program.

12) Provide an accounting of any additional Federal, State, tribal, and local investments made, as well as any private investments made in coordination with the title IV-E agency, during the past two fiscal years to provide the service intervention(s) that the applicant intends to undertake through the waiver demonstration.

13) Provide an assurance that the Title IV-E agency will continue to provide an accounting of that same spending for each year of the approved demonstration project.

14) Identify the statutory and regulatory requirements under titles IV-B or IV-E of the Act for which waivers will be needed to permit the proposed project to be conducted.

15) Address whether/how the demonstration will affect the Title IV-E agency's automated child welfare information system.[11]

16) Provide a narrative description of the title IV-E agency's capacity to effectively use the waiver demonstration authority under Section 1130 of the Act to conduct a demonstration project by identifying changes the title IV-E agency has made or plans to make in policies, procedures, or other elements of the agency's child welfare program that will enable the title IV-E agency to achieve the goal or goals of the project.

17) Identify the steps taken to assure county, local, Tribal and/or judicial cooperation as required by the project. Supply a copy of letters or memoranda of agreement between the title IV-E agency and any county, municipality, Tribe or tribal organization, foundation, private agency or any other governmental organization that is to be a participant in the child welfare demonstration project.

18) Describe how the proposed project responds to the findings of the State's Child and Family Service Review and how it will affect implementation of the State's CFSR PIP.

19) Describe any court order in effect anywhere in the State by which a court has determined that the State's child welfare program failed to comply either 1) with State child welfare laws or 2) with title IV-B, title IV-E or the U.S. Constitution, along with an analysis of whether the proposed demonstration project would have any effect on any such court order, and if so, how.

20) Describe methods used to obtain public input, a summary of comments received and how public input shaped the development of the proposal.

21) Provide an assurance that the title IV-E agency provides health insurance coverage for all special needs children for whom the title IV-E agency has entered into an adoption assistance agreement (including those not supported by title IV-E funds).

22) Identify which of the Child Welfare Program Improvement Policies identified in section 1130(a)(3)(C) of the Act the title IV-E agency has implemented or intends to implement within three years of the date on which the title IV-E agency submits its application or two years after the Department approves the demonstration (whichever is later). At least one of the child welfare program improvement policies to be implemented must be a

[11] Title IV-E agencies may also wish to refer to Program Instruction ACYF-CB-PI-10-05, issued April 8, 2010, which provides guidelines for conducting pilots in a Statewide Automated Child Welfare Information System (SACWIS) environment.

policy that the title IV-E agency has not previously implemented as of the date on which it submits an application to conduct the demonstration project. (See "Requirement to Implement Program Improvement Policies" section on pages 12 - 14 of this IM.")

As proposals are received and determined to fully address the minimum requirements set forth in the authorizing legislation, they will be posted at: http://www.acf.hhs.gov/programs/cb. This information will, among other things, enable State/Tribal officials and others to judge for themselves the nature and extent of competition for child welfare demonstrations.

Technical Assistance

Interested title IV-E agencies will be provided with a technical assistance package that will include, among other things:

- Information about resources that might be helpful to a Title IV-E agency in designing a demonstration and constructing an evaluation plan;
- Information on how cost-neutrality has been addressed in previous waiver demonstrations;
- Samples of other key provisions of Terms and Conditions the Department has approved for child welfare demonstration projects in the past; and
- A checklist of the elements required in a proposal.

Upon receipt of a Letter of Intent from a title IV-E agency, Department staff will contact the appropriate title IV-E agency official to offer a conference call. If the Title IV-E agency accepts the offer, the Title IV-E agency can use the opportunity to describe further the nature and scope of the demonstration it is considering, its approach to evaluation, and to raise specific questions. Without making commitments at that point, staff will endeavor to answer questions concerning evaluation, cost neutrality, and the provisions of this Information Memorandum. Technical assistance will also be available to any Title IV-E agency that wishes to submit a proposal, even if the Title IV-E agency did not submit a Letter of Intent.

These pre-submission contacts are regarded as technical assistance. They are an effort to help a title IV-E agency achieve its own purposes consistent with the priorities identified in this Information Memorandum and to anticipate, try to avoid or solve potential problems. Pre-approval consultation with a title IV-E agency (at any time before a proposal is submitted or while a proposal is under consideration) can include providing assistance related to preparing a proposal, answering specific questions regarding cost-neutrality and cost-allocation issues, working with a title IV-E agency to consider the scope of its project and options for evaluation, and referring a Title IV-E agency to other sources of assistance for the formulation of evaluation plans. Federal staff will not, however, participate in determining the basic nature of a Title IV-E agency's demonstration project. Neither the title IV-E agency nor the Department will be bound by any positions taken or tentative agreements reached in such a session.

Review of Proposals

The Department intends to review proposals as promptly as possible after receipt. Proposals will be considered for approval to the extent that they fully address the minimum requirements set forth in the authorizing legislation. However, priority will be given to proposals that go beyond minimum requirements and address the Departmental priorities outlined in this IM: (1) focus on positive well-being outcomes for children, youth and their families, especially those impacted by maltreatment trauma; (2) focus on the social and emotional well-being of children and youth who are available for adoption, as well as those who have been adopted; (3) identify an approach designed to yield more than modest improvements in the lives of children and families and contribute to the evidence base; and/or (4) leverage the involvement of other resources and partners to make improvements concurrently through child welfare and related program areas.

Proposals will be reviewed by Federal officials, who will also consider comments received from outside stakeholders (if any) and from the general public. The review process and all discussions and other activities leading up to a final decision will be managed by the Children's Bureau in the Administration on Children, Youth and Families (ACYF) within the Department. If the initial review discloses basic questions or issues with a proposal, the title IV-E agency may be contacted for more information or to resolve the problem so that the process can continue. The title IV-E agency will be permitted a reasonable period of time to address any issues raised during the initial review.

Following the initial review and responses to any basic questions as described above, staff will prepare and send to the title IV-E agency for written responses an Issue Paper containing questions regarding the proposed demonstration, which may include questions clarifying the purpose and target population for the demonstration, the evaluation approach, cost questions, or other issues that may affect the ability of the applicant to carry out a successful demonstration or the ability of the Department to approve the project, consistent with statutory requirements.

Following receipt of the title IV-E agency’s responses to the Issue Paper, staff will undertake additional efforts to come to agreement on a proposed demonstration to recommend to the Secretary. Such efforts can include additional conference calls, exchanges of written statements and arguments, review and comment on draft Terms and Conditions prepared by the Children's Bureau, and face-to-face meetings.

Decisions

ACYF will make recommendations to the Secretary regarding the approval or disapproval of waiver proposals. The Terms and Conditions for a proposed child welfare demonstration will not be recommended for approval without the concurrence of the title IV-E agency that submitted the proposal and the Federal Office of Management and Budget. ACYF will also assure that other HHS components, as appropriate, and any other relevant Federal agencies have reviewed the Terms and Conditions. Title IV-E agencies will be informed of the Secretary's decisions as they are reached.

Federal Role

The overall management of child welfare demonstration projects will be the responsibility of the Children's Bureau's Central Office in Washington, D.C. Children's Bureau Regional Office staff will have the principal responsibility for on-site liaison. Proposals for additions or modifications to the Terms and Conditions of any approved child welfare demonstration, including proposals for extension of the duration of any demonstration, are to be addressed to the Children's Bureau in Washington, D.C., with a copy sent to the appropriate Children's Bureau Regional Program Manager.

Title IV-E agency program managers for the demonstration projects and the project evaluators are required to attend an annual two-day meeting in Washington, D.C. to discuss the demonstration projects' development and progress. The cost of attendance for the title IV-E agency program managers will be excluded from the cost-neutrality calculation and will be chargeable to title IV-E administrative costs without cost allocation. Travel costs for the project evaluators should be included in the contract that the title IV-E agency has with its evaluator.

Administrative Record

The Department will maintain an administrative record that will generally consist of: the formal demonstration application from the title IV-E agency; correspondence sent to the title IV-E agency regarding issues/problems with the application and the title IV-E agency's response; public and congressional comments sent to the Department and any Department responses; the Department's decision memorandum regarding the granting or denial of a proposal; and the final Terms and Conditions and demonstration projects sent to the title IV-E agency and the title IV-E agency acceptance of them.

The Department regards all correspondence (including the program questions), once they have been sent to a title IV-E agency, and all Terms and Conditions for child welfare demonstrations, once they have been approved by the Secretary, as public documents, and will make arrangements for providing copies of them to any requester. The Department also regards a title IV-E agency's proposal for a child welfare demonstration, along with any written modifications to a proposal, as public documents once they have been submitted to the Department and expects the title IV-E agency to make copies of the proposals and their modifications available to any requester.

Implementation Reviews

As part of the Terms and Conditions of any demonstration proposal that is approved, the Department may require periodic assessments of how the demonstration project is being implemented. The Department will review, and when appropriate investigate, documented complaints that a title IV-E agency is failing to comply with requirements specified in the Terms and Conditions in implementing any approved demonstration project.

In addition, as required by Section 1130(a)(3)(C)(iii), the Department may terminate the authority of a title IV-E agency to conduct a demonstration project under this section if, after the

3-year period following approval of the demonstration project, the title IV-E agency has not made significant progress in implementing the child welfare program improvement policies proposed by the title IV-E agency as a condition for being approved to conduct the demonstration.

Legal Effect

This Information Memorandum, is intended to inform the public and title IV-E agencies regarding procedures the Department ordinarily will follow in exercising the Secretary's discretionary authority with respect to title IV-E agency demonstration proposals under section 1130. This Information Memorandum does not create any right or benefit, substantive or procedural, enforceable at law or equity, by any person or entity, against the United States, its agencies or instrumentalities, the title IV-E agency, or any other person.

Paperwork Reduction Act:

Under the Paperwork Reduction Act of 1995 (P.L. 104-13), an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB Control Number. The Control Number for this OMB approved information collection is 0970-0404, which expires on May 31, 2015.

/s/

Bryan Samuels
Commissioner
Administration on Children,
Youth and Families

Appendix I Section 1130 of the Social Security Act
Appendix II ACYF Well-Being Framework

APPENDIX I

DEMONSTRATION PROJECTS

SEC. 1130. [42 U.S.C. 1320a-9] (a) AUTHORITY TO APPROVE DEMONSTRATION PROJECTS.—

(1) IN GENERAL.—The Secretary may authorize States to conduct demonstration projects pursuant to this section which the Secretary finds are likely to promote the objectives of part B or E of title IV.

(2) LIMITATION.—During fiscal years 2012 through 2014, the Secretary may authorize demonstration projects described in paragraph (1), with not more than 10 demonstration projects to be authorized in each fiscal year.

(3) CONDITIONS FOR STATE ELIGIBILITY.—For purposes of a new demonstration project under this section that is initially approved in any of fiscal years 2012 through 2014, a State shall be authorized to conduct such demonstration project only if the State satisfies the following conditions:

(A) IDENTIFY 1 OR MORE GOALS. —

(i) IN GENERAL. —The State shall demonstrate that the demonstration project is designed to accomplish 1 or more of the following goals:

(I) Increase permanency for all infants, children, and youth by reducing the time in foster placements when possible and promoting a successful transition to adulthood for older youth.

(II) Increase positive outcomes for infants, children, youth, and families in their homes and communities, including tribal tribal communities, and improve the safety and well-being of infants, children, and youth.

(III) Prevent child abuse and neglect and the re-entry of infants, children, and youth into foster care.

(ii) LONG-TERM THERAPEUTIC FAMILY TREATMENT CENTERS; ADDRESSING DOMESTIC VIOLENCE. —With respect to a demonstration project that is designed to accomplish 1 or more of the goals described in clause (i), the State may elect to establish a program—

(I) to permit foster care maintenance payments to be made under part E of title IV to a long-term therapeutic family treatment center (as described in paragraph (8)(B)) on behalf of a child residing in the center; or

(II) to identify and address domestic violence that endangers children and results in the placement of children in foster care.

(B) DEMONSTRATE READINESS. —The State shall demonstrate through a narrative description the State's capacity to effectively use the authority to conduct a demonstration project under this section by identifying changes the State has made or plans to make in policies, procedures, or other elements of the State's child welfare program that will enable the State to successfully achieve the goal or goals of the project.

(C) DEMONSTRATE IMPLEMENTED OR PLANNED CHILD WELFARE PROGRAM IMPROVEMENT POLICIES. —

(i) IN GENERAL. —The State shall demonstrate that the State has implemented, or plans to implement within 3 years of the date on which the State submits its application to conduct the demonstration project or 2 years after the date on which the Secretary approves such demonstration project (whichever is later), at least 2 of the child welfare program improvement policies described in paragraph (7).

(ii) PREVIOUS IMPLEMENTATION. —For purposes of the requirement described in clause (i), at least 1 of the child welfare program improvement policies to be implemented by the State shall be policy that the State has not previously implemented as of the date on which the State submits an application to conduct the demonstration project.

(iii) IMPLEMENTATION REVIEW. —The Secretary may terminate the authority of a State to conduct a demonstration project under this section if, after the 3-year period following approval of the demonstration project, the State has not made significant progress in implementing the child welfare program improvement policies proposed by the State under clause (i).

(4) LIMITATION ON ELIGIBILITY.—The Secretary may not authorize a State to conduct a demonstration project under this section if the State fails to provide health insurance coverage to any child with special needs (as determined under section 473(c)) for whom there is in effect an adoption assistance agreement between a State and an adoptive parent or parents.

(5) REQUIREMENT TO CONSIDER EFFECT OF PROJECT ON TERMS AND CONDITIONS OF CERTAIN COURT ORDERS.—In considering an application to conduct a demonstration project under this section that has been submitted by a State in which there is in effect a court order determining that the State's child welfare program has failed to comply with the provisions of part B or E of title IV, or with the Constitution of the United States, the Secretary shall take into consideration the effect of approving the proposed project on the terms and conditions of the court order related to the failure to comply and the ability of the State to implement a corrective action plan approved under section 1123A.

(6) INAPPLICABILITY OF RANDOM ASSIGNMENT FOR CONTROL GROUPS AS A FACTOR FOR APPROVAL OR DEMONSTRATION PROJECTS. — For purposes of evaluating an application to conduct a demonstration project under this section, the Secretary shall not take into consideration where such project requires random assignment of children and families to groups served under the project and to control groups.

(7) CHILD WELFARE PROGRAM IMPROVEMENT POLICIES. —For purposes of paragraph (3)(C), the child welfare program improvement policies described in this paragraph are the following:

(A) The establishment of a bill of rights for infants, children, and youth in foster care that is widely shared and clearly outlines protections for infants, children, and youth, such as assuring frequent visits with parents, siblings, and caseworkers, access to attorneys, and participation in age-appropriate

extracurricular activities, and procedures for ensuring the protections are provided.

(B) The development and implementation of a plan for meeting the health and mental health needs of infants, children, and youth in foster care that includes ensuring that the provision of health and mental health care is child specific, comprehensive, appropriate, and consistent (through means such as ensuring the infant, child, or youth has a medical home, regular wellness medical visits, and addressing the issue of trauma, when appropriate).

(C) The inclusion in the State plan under section 471 of an amendment implementing the option under subsection (a)(28) of that section to enter into kinship guardianship assistance agreements.

(D) The election under the State plan under section 471 to define a 'child' for purposes of the provision of foster care maintenance payments, adoption assistance payments, and kinship guardianship assistance payments, so as to include individuals described in each of subclauses (I), (II), and (III) of section 475(8)(B)(i) who have not attained age 21.

(E) The development and implementation of a plan that ensures congregate care is used appropriately and reduces the placement of children and youth in such care.

(F) Of those infants, children, and youth in out-of-home placements, substantially increasing the number of cases of siblings who are in the same foster care, kinship guardianship, or adoptive placement, above the number of such cases in fiscal year 2008.

(G) The development and implementation of a plan to improve the recruitment and retention of high quality foster family homes trained to help assist infants, children, and youth swiftly secure permanent families. Supports for foster families under such a plan may include increasing maintenance payments to more adequately meet the needs of infants, children, and youth in foster care and expanding training, respite care, and other support services for foster parents.

(H) The establishment of procedures designed to assist youth as they prepare for their transition out of foster care, such as arranging for participation in age-appropriate extra-curricular activities, providing appropriate access to cell phones, computers, and opportunities to obtain a driver's license, providing notification of all sibling placements if siblings are in care and sibling location if siblings are out of care, and providing counseling and financial support for post-secondary education.

(I) The inclusion in the State plan under section 471 of a description of State procedures for—

(i) ensuring that youth in foster care who have attained age 16 are engaged in discussions, including during the development of the transition plans required under paragraphs (1)(D) and (5)(H) of section 475, that explore whether the youth wishes to reconnect with the youth's biological family, including parents, grandparents, and siblings, and, if so, what skills and strategies the youth will need to successfully and safely reconnect with those family members;

(ii) providing appropriate guidance and services to youth whom affirm an intent to reconnect with biological family members on how to successfully and safely manage such reconnections; and

(iii) making, when appropriate, efforts to include biological family members in such reconnection efforts.

(J) The establishment of one or more of the following programs designed to prevent infants, children, and youth from entering foster care or to provide permanency for infants, children, and youth in foster care:

(i) An intensive family finding program.

(ii) A kinship navigator program.

(iii) A family counseling program, such as a family group decision-making program, and which may include in-home peer support for families.

(iv) A comprehensive family-based substance abuse treatment program.

(v) A program under which special efforts are made to identify and address domestic violence that endangers infants, children, and youth and puts them at risk of entering foster care.

(vi) A mentoring program.

(8) DEFINITIONS.—In this subsection—

(A) the term 'youth' means, with respect to a State, an individual who has attained age 12 but has not attained the age at which an individual is no longer considered to be a child under the State plans under parts B and E of title IV, and

(B) the term 'long-term therapeutic family treatment center' means a State licensed or certified program that enables parents and their children to live together in a safe environment for a period of not less than 6 months and provides, on-site or by referral, substance abuse treatment services, children's early intervention services, family counseling, legal services, medical care, mental health services, nursery and preschool, parenting skills training, pediatric care, prenatal care, sexual abuse therapy, relapse prevention, transportation, and job or vocational training or classes leading to a secondary school diploma or a certificate of general equivalence.

(b) WAIVER AUTHORITY.—The Secretary may waive compliance with any requirement of part B or E of title IV which (if applied) would prevent a State from carrying out a demonstration project under this section or prevent the State from effectively achieving the purpose of such a project, except that the Secretary may not waive—

(1) any provision of section 422(b)(8), or section 479; or

(2) any provision of such part E, to the extent that the waiver would impair the entitlement of any qualified child or family to benefits under a State plan approved under such part E.

(c) TREATMENT AS PROGRAM EXPENDITURES.—For purposes of parts B and E of title IV, the Secretary shall consider the expenditures of any State to conduct a demonstration project under this section to be expenditures under subpart 1 or 2 of such part B, or under such part E, as the State may elect.

(d) DURATION OF DEMONSTRATION.—

(1) IN GENERAL. —Subject to paragraph (2), a demonstration project under this section may be conducted for not more than 5 years, unless in the judgment of the Secretary, the demonstration project should be allowed to continue.

(2) TERMINATION OF AUTHORITY. —In no event shall a demonstration project under this section be conducted after September 30, 2019.

(e) APPLICATION.—Any State seeking to conduct a demonstration project under this section shall submit to the Secretary an application, in such form as the Secretary may require, which includes

(1) a description of the proposed project, the geographic area in which the proposed project would be conducted, the children or families who would be served by the proposed project, and the services which would be provided by the proposed project;

(2) a statement of the period during which the proposed project would be conducted;

(3) a discussion of the benefits that are expected from the proposed project (compared to a continuation of activities under the approved plan or plans of the State);

(4) an estimate of the costs or savings of the proposed project;

(5) a statement of program requirements for which waivers would be needed to permit the proposed project to be conducted;

(6) a description of the proposed evaluation design;

(7) an accounting of any additional Federal, State, and local investments made, as well as any private investments made in coordination with the State, during the 2 fiscal years preceding the application to provide the services described in paragraph (1), and an assurance that the State will provide an accounting of that same spending for each year of an approved demonstration project; and

(8) such additional information as the Secretary may require.

(f) EVALUATIONS.—Each State authorized to conduct a demonstration project under this section shall obtain an evaluation by an independent contractor of the effectiveness of the project, using an evaluation design approved by the Secretary which provides for—

(1) comparison of methods of service delivery under the project, and such methods under a State plan or plans, with respect to efficiency, economy, and any other appropriate measures of program management;

(2) comparison of outcomes for children and families (and groups of children and families) under the project, and such outcomes under a State plan or plans, for purposes of assessing the effectiveness of the project in achieving program goals; and

(3) any other information that the Secretary may require.

(g) REPORTS. —

(1) STATE REPORTS; PUBLIC AVAILABILITY.—Each State authorized to conduct a demonstration project under this section shall—

(A) submit periodic reports to the Secretary on the specific programs, activities, and strategies used to improve outcomes for infants, children, youth, and families and the results achieved for infants, children, and youth during the conduct of the demonstration project, including with respect to those infants, children, and youth who are prevented from entering foster care, infants, children, and youth in foster care, and infants, children, and youth who move from foster care to permanent families; and

(B) post a copy of each such report on the Internet website for the State child welfare program concurrent with the submission of the report to the Secretary.

(2) REPORTS TO CONGRESS.—The Secretary shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate—

(A) periodic reports based on the State reports submitted under paragraph (1); and

(B) a report based on the results of the State evaluations required under subsection (f) that includes an analysis of the results of such evaluations and such recommendations for administrative or legislative changes as the Secretary determines appropriate.

(h) COST NEUTRALITY.—The Secretary may not authorize a State to conduct a demonstration project under this section unless the Secretary determines that the total amount of Federal funds that will be expended under (or by reason of) the project over its approved term (or such portion thereof or other period as the Secretary may find appropriate) will not exceed the amount of such funds that would be expended by the State under the State plans approved under parts B and E of title IV if the project were not conducted.

(i) INDIAN TRIBES OPERATING IV–E PROGRAMS CONSIDERED STATES.—An Indian tribe, tribal organization, or tribal consortium that has elected to operate a program under part E of title IV in accordance with section 479B shall be considered a State for purposes of this section.

Appendix II: ACYF Well-Being Framework

	Intermediate Outcome Domains		Well-Being Outcome Domains			
	Environmental Supports	Personal Characteristics	Cognitive Functioning	Physical Health and Development	Emotional/Behavioral Functioning	Social Functioning
Infancy (0-2)	Family income, family social capital, community factors (e.g., institutional resources, collective socialization, community organization, neighborhood SES)	Temperament, cognitive ability	Language development	Normative standards for growth and development, gross motor and fine motor skills, overall health, BMI	Self-control, emotional management and expression, internalizing and externalizing behaviors, trauma symptoms	Social competencies, attachment and caregiver relationships, adaptive behavior
Early Childhood (3-5)	Family income, family social capital, community factors (e.g., institutional resources, collective socialization, community organization, neighborhood SES)	Temperament, cognitive ability	Language development, pre-academic skills (e.g., numeracy), approaches to learning, problem-solving skills	Normative standards for growth and development, gross motor and fine motor skills, overall health, BMI	Self-control, self-esteem, emotional management and expression, internalizing and externalizing behaviors, trauma symptoms	Social competencies, attachment and caregiver relationships, adaptive behavior
Middle Childhood (6-12)	Family income, family social capital, social support, community factors (e.g., institutional resources, collective socialization, community organization, neighborhood SES)	Identity development, self-concept, self-esteem, self-efficacy, cognitive ability	Academic achievement, school engagement, school attachment, problem-solving skills, decision-making	Normative standards for growth and development, overall health, BMI, risk-avoidance behavior related to health	Emotional intelligence, self-efficacy, motivation, self-control, prosocial behavior, positive outlook, coping, internalizing and externalizing behaviors, trauma symptoms	Social competencies, social connections and relationships, social skills, adaptive behavior
Adolescence (13-18)	Family income, family social capital, social support, community factors (e.g., institutional resources, collective socialization, community organization, neighborhood SES)	Identity development, self-concept, self-esteem, self-efficacy, cognitive ability	Academic achievement, school engagement, school attachment, problem solving skills, decision-making	Overall health, BMI, risk-avoidance behavior related to health	Emotional intelligence, self-efficacy, motivation, self-control, prosocial behavior, positive outlook, coping, internalizing and externalizing behaviors, trauma symptoms	Social competence, social connections and relationships, social skills, adaptive behavior
					Social and Emotional Well-Being Domains	