

Final Report
Kentucky Department for Community-Based Programs
Primary Review
Title IV-E Foster Care Eligibility
Report of Findings for
April 1, 2015 through September 30, 2015

Introduction

The Children's Bureau (CB) of the Administration for Children and Families (ACF) conducted a primary review of the Kentucky Department for Community-Based Services' title IV-E foster care program during the week of April 4 - 8, 2016. The title IV-E foster care review (IV-E review) was conducted in collaboration with Kentucky and was completed by a review team comprised of representatives from the state title IV-E agency, state Court Improvement Program, CB Central and Regional offices, ACF Regional Grants Management office and cross-state peer reviewers.

Key purposes of the IV-E review are (1) to determine whether the Kentucky title IV-E foster care program is in compliance with eligibility requirements as outlined in 45 CFR §1356.71 and §472 of the Social Security Act (the Act); and (2) to validate the basis of the state's financial claims to ensure appropriate payments are made on behalf of eligible children.

Scope of the Review

The IV-E review encompassed a sample of the state's foster care cases in which a title IV-E maintenance payment was claimed for an activity that occurred in the six-month period under review (PUR) of April 1, 2015 through September 30, 2015. A computerized statistical sample of 80 cases plus 20 oversample cases was drawn from data the state submitted to the Adoption and Foster Care Analysis and Reporting System (AFCARS) for the above period. Eighty (80) cases were reviewed which consisted of 78 cases from Kentucky's original sample plus two (2) cases from the oversample. Two (2) cases were excluded from the original sample because AFCARS data element #59 was incorrectly coded to indicate that title IV-E payments had been made in these cases, when in fact, they had not been. The state provided documentation to support excluding these cases from the review sample and replacing them with cases from the over-sample.

In accordance with federal provisions at 45 CFR 1356.71, the state is reviewed against requirements of title IV-E of the Act and federal regulations regarding:

- Judicial determinations regarding reasonable efforts and contrary to the welfare as set forth in §472(a)(2)(A) of the Act and 45 CFR §§1356.21(b) and (c), respectively;
- Voluntary placement agreements as set forth in §§472(a)(2)(A)(i) and (d)-(g) of the Act and 45 CFR §1356.22;
- Responsibility for placement and care vested with state agency as stipulated in §472(a)(2)(B) of the Act and 45 CFR §1356.71(d)(1)(iii);
- Eligibility for Aid to Families with Dependent Children (AFDC) under the state plan in effect July 16, 1996 as required by §472(a)(3) of the Act and 45 CFR §1356.71(d)(1)(v);

- Placement in a licensed foster family home or child care institution as defined in §§472 (b) and (c) of the Act and 45 CFR §1355.20(a) and 1356.71(d)(1)(iv); and
- Safety requirements for the child’s foster care placement as required at §471(a)(20)(A) of the Act and 45 CFR §1356.30.

The case file of each child in the selected sample is reviewed to verify title IV-E eligibility. The foster care provider’s file also is looked at to ensure the foster family home or child care institution where the child resided during the PUR is fully licensed and meets safety requirements. Payments made on behalf of each child also are reviewed to verify expenditures are properly claimed under title IV-E and to identify underpayments that are eligible for claiming.

A sample case is assigned an error rating when the child is not eligible on the date of activity in the PUR for which title IV-E maintenance is claimed. A sample case is cited as non-error with ineligible payment when the child is not eligible on the activity date outside the PUR or the child is eligible in the PUR on the date of an unallowable activity and title IV-E maintenance is claimed for the unallowable activity. In addition, underpayments are identified for a sample case when the state unintentionally has not claimed an allowable title IV-E maintenance payment for an eligible child within the 2-year filing period specified in 45 CFR §95.7 and the filing period has not expired.

Compliance Finding

The review team has determined 73 of the 80 sample cases have met all eligibility requirements (i.e., are deemed non-error cases) for the PUR. Seven (7) cases are determined as in error for not meeting eligibility requirements either for periods only during the PUR or for a child’s entire foster care episode. One (1) non-error case met eligibility requirements for the PUR but was found to have periods in the foster care episode for which title IV-E maintenance payments were improperly claimed.

The Children’s Bureau has determined the Kentucky Department for Community-Based Services’ title IV-E foster care program is not in substantial compliance with federal eligibility requirements for the PUR. Non-substantial compliance in a primary review means the total number of error cases is five or more cases. Additional findings for non-error cases with ineligible payments are not considered in determining the state’s review results of non-substantial compliance with federal requirements. In addition to the above eight (8) cases established as having ineligible payments, one (1) non-error case has periods of eligibility for which the state has not claimed allowable title IV-E maintenance payments.

Case Record Summary

The following charts record improper payment cases comprised of error cases, the non-error case with ineligible payments and an underpayment case; reasons for improper payments; improper payment amounts; and federal provisions for which the state does not meet compliance mandates. Note that calculation of improper payments is based on the federal financial participation (FFP) rates of maintenance payments at the state’s Federal Medical Assistance Percentages (FMAP) for applicable year(s) for each sample case.

Error Cases

Sample Number	Improper Payment Reason & Ineligibility Period April 1, 2015 – September 30, 2015	Improper Payments (FFP)
KY #27	<p>Insufficient documentation verifying safety considerations as met for the caregiver staff of a childcare institution. [§471(a)(20) of the Act and 45 CFR 1356.30(f)]</p> <p>Ineligible: 05/28/15 – 05/29/15</p>	<p>Maintenance - \$142</p> <p>Total - \$142</p>
KY #34	<p>Safety requirements not met for the foster family home while the child was placed in the home. [§§471(a)(20)(A(i) and (ii); 45 CFR [§§1355.20, 1356.30 & 1356.71(d)(1)(iv)]</p> <p>Ineligible: 01/30/15 - 07/08/15</p>	<p>Maintenance - \$2,524</p> <p>Administrative - \$985</p> <p>Total - \$3,509</p>
KY #37	<p>AFDC financial need eligibility not established for child because specified relative’s income exceeded AFDC income standards. Father’s income from current employment identified in the case record was not considered in the AFDC budget. [§472(a)(1) of the Act and 45 CFR 1356.21(l)]</p> <p>Ineligible: Entire Foster care Episode</p> <p>Reported Disallowance Period: 04/30/15 – 04/04/16</p>	<p>Maintenance - \$10,673</p> <p>Administrative - \$985</p> <p>Total - \$11,658</p>
KY #50	<p>Safety requirements not met for the foster family home while the child was placed in the home. [§§471(a)(20)(A(i) and (ii); 45 CFR [§§1355.20, 1356.30 & 1356.71(d)(1)(iv)]</p> <p>Ineligible: 12/11/14 – 07/10/15</p>	<p>Maintenance - \$6,452</p> <p>Administrative - \$1,379</p> <p>Total - \$7,831</p>
KY #61	<p>AFDC financial need eligibility not established for child because specified relative’s income disregard was not properly applied. An income disregard unlike what was in the Kentucky AFDC Plan effective on July 16, 1996 was applied. The disregard that was used relates to the Temporary Assistance to Needy Families (TANF) program in Kentucky. This disregard is not applicable for AFDC purposes. As such, the assistance unit countable income was in excess of the Kentucky standard of need and the child was not title IV-E eligible. [§472(a)(1) of the Act and 45 CFR 1356.21(l)]</p> <p>Ineligible: Entire Foster care Episode</p> <p>Reported Disallowance Period: 01/20/15 – 10/08/15</p>	<p>Maintenance - \$18,681</p> <p>Administrative - \$1,970</p> <p>Total - \$20,651</p>

Sample Number	Improper Payment Reason & Ineligible Period April 1, 2015 – September 30, 2015	Improper Payments (FFP)
KY #78	Safety requirements not met for the foster family home while the child was placed in the home. [§§471(a)(20)(A(i) and (ii); 45 CFR [§§1355.20, 1356.30 & 1356.71(d)(1)(iv)] Ineligible: 08/06/14 – 04/23/15	Maintenance - \$15,122 Administrative - \$1,765 Total - \$16,887
KY #81	AFDC financial need eligibility not established for child because specified relative's income disregard was not properly applied (sibling of KY #61). An income disregard unlike what was in the Kentucky AFDC Plan effective on July 16, 1196 was applied. The disregard that was used applies to the TANF program in Kentucky. This disregard is not applicable for AFDC purposes. As such, the assistance unit countable income was in excess of the Kentucky standard of need and the child was not title IV-E eligible. [§472(a)(1) of the Act and 45 CFR 1356.21(l)] Ineligible: Entire Foster Care Episode Reported Disallowance Period: 01/20/15 – 10/08/15	Maintenance - \$10,069 Administrative - \$1,970 Total FFP - \$12,039

Total Maintenance FFP - \$63,663
Total Administrative Cost - \$ 9,054
Total FFP \$72,717

Non-Error Case with an Ineligible Payment

Sample Number	Improper Payment Reason & Ineligible Period April 1, 2015 – September 30, 2015	Improper Payments (FFP)
KY #65	Foster Care maintenance payments claimed for a payment made directly to a youth for completion of an "Independent Living" training course. The youth is under age 18 and in a foster family home. This expenditure is outside the scope of allowable title IV-E program costs. [45 CFR 1356.21; 45 CFR 1356.60(a)(1)(i) and Child Welfare Policy Manual, section 8.3B Question #9] Ineligible: 09/01/15 – 09/30/15	Maintenance - \$176 Total - \$176

Under-Payment

Sample Number	Improper Payment Reason & Ineligibility Period April 1, 2015 – September 30, 2015	Improper Payments (FFP)
KY #74	<p>Payment history reflects “Eligible But Not Reimbursable” for months where the “Reasonable Efforts to Finalize the Permanency Plan” had been met. Judicial findings were timely, however, title IV-E funds were not claimed. The agency intends to submit a title IV-E claim for the prior period because it is within the two (2) year filing period.[§472(a) of the Act; 45 CFR 1356.60(a)(1)(i)]</p> <p>Eligible for title IV-E Reimbursement: 10/01/14 – 11/30/14</p>	<p>Maintenance - \$968</p> <p>Total - \$968</p>

Areas Needing Improvement

Findings of this review indicate Kentucky needs to further develop and implement procedures to improve program performance in the following areas. For each issue, there is a discussion of the nature of the area needing improvement, the specific title IV-E requirement to which it relates and the corrective action Kentucky should undertake.

Issue #1: Safety Requirements: Four (4) cases are in error because the state was unable to document that background safety checks for foster parents and caregiver staff of a child care institution were successfully met prior to the state’s claim for the period of the child’s placement in the foster home or residential facility. Three (3) of the four (4) errors occurred because no initial National Crime Information Database (NCID) fingerprint-based checks were done of the prospective foster parents for the new licensing period. In one of these cases, the home was closed in March of 2012 at the request of the foster parents. The home was re-opened in March of 2013 and there was no record that new fingerprint checks were conducted. In the second case a letter was in the file that indicated that the home was closed as of March 28, 2005. The home was re-opened in 2009 and there was no record that new fingerprint checks were conducted. Finally, in the third case there was no NCID fingerprint check or initial criminal record check for the foster father for this child’s initial placement in foster care. The failure to complete the required safety checks prior to placing the children in the foster homes posed a risk to the children by placing them in potentially dangerous settings.

Another safety-related issue is the re-approval process for foster family homes and non-lapsing licenses in Kentucky. For one (1) non-error case, foster care maintenance payments were made for a child placed in a home even though the Annual Strengths and Needs Assessment document required by the state as part of the licensing (approval) renewal process was not in the file at the end of the prior year’s approval nor was there any specific evidence that the home’s approval was renewed. The state’s policy and practice consider the home continuously approved unless officially closed. The dichotomy between a process that provides for specific annual approval periods and yet maintains the continued full approval status for homes where appropriate procedures may not have been followed raises a safety concern. This raises concerns that the state is not properly exercising its responsibility for insuring ongoing oversight for the safety of

children placed in foster homes. The annual checks would assure that children continue to be safe in the homes in which they are placed. For the IV-E review purposes, however, this case is not improperly paid since state policy considers the home fully licensed during the period between the license lapse and license renewal.

Kentucky also requires annual updates to foster parent background checks. When these checks are not completed the home remains continuously licensed but is placed on “hold”, meaning no new children can be placed in the home. There is no state policy, however, to address how long the children already placed in that home may continue to remain there if the checks are not successfully completed or how the safety needs of those children are being addressed.

Title IV-E Requirements: Federal provisions at §471(a)(20) of the Act and 45 CFR §1356.30 require the state to provide documentation that criminal records checks have been conducted on all prospective foster parents before they receive final approval for placement of a child. Fingerprint-based checks of the NCID must be conducted for all prospective foster parents licensed on or after October 1, 2008. While this does not prohibit the state from placing a child in the home of a prospective foster parent prior to the completion of the criminal background check, the state may not claim title IV-E funds until the required check is completed and the records reveal that the foster parents did not commit any prohibited felonies in §471(a)(20)(A)(i) and (ii) of the Act. For title IV-E eligibility purposes, once the prospective foster family home is licensed, subsequent criminal record checks are not required as long as the home is continuously licensed. However, if a foster family home license expires and cannot be renewed pursuant to state requirements, the foster parent(s) must be considered “prospective” with a new application for licensure and a new criminal background check must be conducted in connection with the new license.

Recommended Corrective Action: Safety requirements concerning children placed in foster family homes caused three errors during Kentucky’s secondary IV-E review in September 2013. The CB was advised after that review that the Cabinet for Health and Family Services (CHFS) had developed an internal protocol that became effective December 1, 2011 in connection with the required Program Improvement Plan (PIP). The protocol was designed to assist CHFS staff in ensuring that family foster homes have completed background checks before claiming title IV-E funds for a child. The state must take steps to ensure all required criminal background checks are completed on foster parents caring for children, in particular for children on whose behalf title IV-E foster care payments are made. The state also must ensure that the child’s foster care placement is fully licensed as required by state policy. In addition, we encourage the state to establish a standard procedure to monitor foster care providers to ensure that they meet licensing standards. The monitoring should ensure that local agencies adhere to licensing procedures, gaps in reviews and renewals do not occur, requirements for renewal are being met on a consistent and timely basis, and licensing decisions are documented. Internal fiscal controls also must be implemented to prevent title IV-E claiming for a period in which all the eligibility criteria have not been fully completed and documented.

The CB suggests that CHFS re-visit the protocol that was implemented in December 1, 2011 in connection with its PIP to assess its effectiveness for ensuring timely completion of background checks and the required documentation is on file prior to initiating any title IV-E claims on

behalf of a child. The CB further suggests that the state put in place a quality assurance system to monitor the accuracy of eligibility determination and claiming processes. The state should continue to ensure that staff is fully trained and understand that all state licensing criteria, including background checks, are met prior to claiming title IV-E maintenance payments on behalf of a child placed in the foster care setting. Kentucky is advised to include policy statements in state statute, regulations and/or administrative guidance that clearly spell out the licensing/approval periods for foster family homes (and adoptive placements). The state also is advised to provide clear policy on the foster family home's licensing status when a license lapses during the re-approval process.

Satisfactory completion of background checks for caregivers of children placed in family foster homes has been emphasized as an ongoing concern since Kentucky's 2011 review. The CB strongly urges the state to correct the program deficiencies concerning background checks and reminds the state that thorough completion of safety checks and continuous monitoring of compliance with state and federal safety requirements help reduce or eliminate the risk of harm to children in foster care placements.

Issue #2: AFDC Eligibility: Three (3) cases were found to be in error due to a failure to establish that financial need was met for the child's assistance unit in the month in which court removal proceedings were initiated. In one (1) of these cases, AFDC eligibility was not established because the case file documented the father's income from his current employer was not considered in the determination. There were two (2) other cases, siblings, where AFDC eligibility was not established because the specified relative's income disregard was not properly applied in accordance with the state's AFDC state plan in effect on July 16, 1996. Specifically, case documentation showed the eligibility worker mistakenly used TANF rather than AFDC standards to determine the countable portion of the income.

The AFDC determination of eligibility must be based on the state's July 16, 1996 AFDC standards. In the three error cases, the assistance unit's countable income was in excess of the Kentucky standard of need for AFDC. The children in these cases did not meet the AFDC eligibility requirements; therefore, the children's entire foster care episodes were not eligible for title IV-E funding.

Title IV-E Requirement: In order for a child to be eligible for title IV-E, per federal provisions at 45 CFR 1356.21(1) (2), and §§472(a)(1)(b) and 472(a)(3)(A)(ii)(II) of the Act, a child must be determined eligible for AFDC in the home from which there is a valid removal of the child. The AFDC eligibility must be based on that home for the month a voluntary placement agreement is signed or court proceedings are initiated leading to a judicial removal. In the removal home and for the removal month, the child must have been financially needy and deprived of parental support or care as determined based on the state's title IV-A plan that was in effect on July 16, 1996. There were two (2) error cases in the previous review where AFDC requirements were not met.

Recommended Corrective Action: Kentucky should put into place a quality assurance system or an automated edit check in its financial process to ensure title IV-E maintenance payments are properly claimed. The state should continue to routinely review available income and eligibility

verification systems when eligibility is determined regardless of whether primary verification sources are provided to the state. This will assist the state in ensuring correct eligibility determinations and improving data quality in information and verification systems. The state should also provide follow-up and recurrent training for eligibility staff related to making AFDC determinations in accordance with Kentucky's 1996 title IV-A (AFDC) Plan.

Additional Areas of Concern

Documentation of Judicial Determinations

The review team found that the language used in some court orders did not clearly establish that the required judicial determination that the title IV-E agency made, or was not required to make, reasonable efforts to prevent removal was satisfied. The specific language referenced is as follows: "Reasonable efforts to prevent removal were not provided but are being made to reunify the family." This statement alone does not indicate a determination of whether or not such reasonable efforts were required. A sample case was cleared from being a potential error only because the review team found that a separate finding in the court order that there was an immediate danger to the child if the child was not removed. This finding was accepted for this review as meaning that the judge determined that "Reasonable Efforts to Prevent Removal" were not needed or could not be made due to the imminent risk to the child. A court order should clearly establish each determination made. We also observed that several sample cases had court orders with this exact language. The state, therefore, should work with its judiciary to assure that court orders clearly state the nature of each determination.

Kentucky's Department of Community-Based Services should continue to work with the Administrative Office of the Courts to consider appropriately revising the available choices in the Reasonable Efforts to Prevent Removal section of the court orders. This revision should reflect in a definite manner that a determination that Reasonable Efforts to Prevent Removal is made or that Reasonable Efforts to Prevent Removal are not needed due to the immediate danger to the child if he/she is not removed from the home.

Payment Histories

The state presented its IV-E payment history after extensive delays and then indicated that the payment history submitted might have included some non-IV-E claims as well that had been previously reported as being charged to the title IV-E program. The state eventually was able to clear questions from the Children's Bureau regarding the discrepancy in the reporting of these claims. The ACF needs to know that the payment history is accurate and complete when it is submit as it is a critical component of documentation upon which eligibility determinations are made and expenditures verified.

Program Strengths & Promising Practices

The following promising practices and processes of Kentucky's title IV-E foster care eligibility program were observed during the review.

Safety Requirements for Childcare Institutions

In Kentucky, the Office of the Inspector General (OIG) is responsible for licensing and monitoring compliance with safety consideration requirements for all child care institutions. In our review, sample cases were placed at different child care institution facilities for some time during the PUR. We found that for almost all of the applicable staff of these facilities (6,024 employee records) the material provided was sufficient to fully document compliance with the state's safety considerations. There was only one (1) error case in which it was explained that documentation had been lost in the process of converting from paper to digital records. This is a marked improvement from previous reviews. Safety requirements for children placed in CCIs caused 8 of the 11 errors during Kentucky's last title IV-E eligibility review, were highlighted in the review's final report and were a key component for its PIP resulting from the 2011 review findings. It is noted that the Office of Inspector General has developed a detailed, compliance driven process that includes a tracking system to ensure that licenses are renewed timely. The licensing process was clearly documented and the licenses for the foster care providers were available in the case records. If the provider is not in compliance for re-licensing, a detailed corrective action plan is developed describing each discrepancy and the timeframe for completion. In addition, the re-licensing process starts three (3) months prior to expiration to ensure timely renewal.

Since the September 2013 title IV-E review, the Office of Inspector General contacted child caring and child placing agencies to obtain needed background checks and updated all personnel sheets to be inclusive of elements required to document completion of safety checks. The state underwent an internal audit in January 2015 and actions taken as a result of that audit include the following: personnel sheets are sent to agencies six months prior to the renewal; a survey is completed by the provider and is sent in with the application for renewal; immediate notification is provided if a background check is out of compliance in order to move children out of title IV-E status. The OIG has also partnered with the Children's Alliance in the state to provide education regarding the new personnel sheets and the need for additional self-monitoring prior to the re-licensure survey. The OIG has created a new section in its files for child caring and child placing agencies which is maintained and updated. This file includes copies of the provider's license, personnel sheets and any corrective documentation as identified through the survey process, such as checks for the Child Abuse/Neglect Registry, NCID Checks and other criminal records checks

Judicial Determinations

The title IV-E review findings reflected the dedicated efforts between the state child welfare agency and the court system to ensure that court proceedings occurred timely and that title IV-E requirements were being met. During the 2011 PIP timeframe, the state noted that the Administrative Office of the Courts had conducted many trainings to include: 2012 Circuit Judges College, 2012 Legal Training for Dependency, Neglect and Abuse Cases which included

a basic and advanced curriculum, and trainings on the Kentucky Family Court Rules of Procedures and Practice (FCRPP) and the 2012 Amendments.

Reviewers noted that the court order findings were in most cases clear, timely and adjudications occurred frequently within 60 days of the child's removal. Most of the court orders included detailed child-specific language. The permanency hearings, in which judicial findings of reasonable efforts to finalize the permanency plan are obtained, are occurring on a timely basis and in many instances before the due dates. In all of the sample cases, the agency maintained responsibility for the placement and care of the child throughout the life of the case.

Disallowance

A disallowance in the amount of \$63,663 in maintenance payments and \$9,054 in related administrative costs is disallowed for title IV-E foster care payments claimed for error cases. An additional amount of \$176 in maintenance payments is disallowed for title IV-E foster care payments claimed improperly for the non-error case. The total disallowance as a result of this review is \$72,893 in FFP.

The state also must identify and repay any ineligible payments for error and non-error cases that occurred for periods subsequent to the PUR. No future claims can be submitted on these cases until it is determined all eligibility requirements are met.

Next Steps

Federal regulations at 45 CFR § 1356.71(i)(2) require the development of a Program Improvement Plan (PIP) when a state is found not in substantial compliance in a primary review of its title IV-E foster care program. The PIP must be developed by the state in consultation with Children's Bureau staff and must address, at a minimum, each area the IV-E review identified as needing improvement. The state is expected to work closely with the Children's Bureau regional office for guidance and technical assistance throughout the PIP development and implementation processes.

The duration of the PIP is not to exceed 1 year unless the Children's Bureau approves the state's request for a longer implementation period. The PIP must be submitted to the Children's Bureau Region IV office within 90 calendar days from the date the Kentucky Department for Community-Based Services' receives the disallowance notice of non-substantial compliance. The state is requested to electronically submit its PIP documents to the Children's Bureau regional office.

The PIP must include the following elements, as noted in federal regulations at 45 CFR § 1356.71(i):

- specific goals for improvement
- action steps needed to correct each identified weakness or deficiency
- time frames for completing each action step

The Children's Bureau does not require a state to use a particular format when developing its PIP. The PIP, however, must provide sufficient detail and context to ensure the Children's

Bureau regional office and state staff can work in partnership to monitor the state's progress in implementing and completing the PIP. The Children's Bureau, to assist state staff with the PIP process, has developed a standard template that is recommended for state staff to use in preparing the PIP document for initial submission and for periodic reporting of progress to the Children's Bureau regional office. Please see the attached suggested template and instructions for completing your PIP.

The result of this and prior reviews raises concerns that Kentucky has not demonstrated an ability to consistently implement and sustain improvements in the operation of its program for title IV-E foster care maintenance payments for children in the state's care. In light of the non-compliance finding in its 2011 review and resulting PIP and the many errors during the 2013 secondary review, we are concerned that the corrective actions taken by Kentucky over the years have not been effective in sustaining improvements in processes needed to ensure compliance with all of the title IV-E requirements.

The Children's Bureau strongly encourages the state to use the PIP process to examine program deficiencies and develop measurable, sustainable strategies that target the root cause of problems preventing the state from operating an accurate foster care eligibility program. The PIP planning and implementation process provides the state with an excellent opportunity to engage the judiciary, licensing agency, and other state partners to develop strategies for making short-term and long-term changes necessary to improve state performance and service delivery. The state also should use the PIP process to enhance its internal quality assurance procedures to inform and eventually evolve into a systematic mechanism for continuous program improvement that support systemic change and sustain successful performance achievements over time. The Children's Bureau through its Region 4 office will work with state staff to identify technical assistance needs and obtain assistance through our funded organizations to help the state develop and implement program improvement strategies.

The PIP development may necessitate making changes to your automated information systems. We encourage you to include state data analysis staff and information technology staff in discussions with program staff about modifications. If your state has an active information technology project that qualifies for title IV-E funding under federal regulations at 45 CFR §1355.52, the information technology changes made must be reported and approved through the process described in 45 CFR §1355.54.

Finally, the Children's Bureau notes that while Kentucky is currently implementing a title IV-E waiver demonstration project that provides flexibility in the use of title IV-E funds during the period of the demonstration's operation, following the expiration of waiver authority, title IV-E funds for children in foster care will be available only to those meeting all title IV-E eligibility requirements. As you know, all title IV-E waiver jurisdictions are required by the terms and conditions to continue title IV-E eligibility determinations for children involved in the demonstration to ensure they retain that eligibility through the duration of the demonstration project. In addition, title IV-E agencies operating waiver demonstrations are required to separately identify title IV-E allowable costs for eligible children within the population covered by the waiver when submitting quarterly claims. In order to ensure a smooth transition back to traditional title IV-E claiming at the conclusion of the waiver demonstration, it is important for Kentucky to take actions through its title IV-EPIP to develop and maintain rigorous internal

procedures to assure accurate eligibility determinations for all children, including those involved in the waiver demonstration.