

# ACF

Administration  
for Children  
and Families

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES  
Administration on Children, Youth and Families

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**4. Key Words:** Preventing Sex Trafficking and Strengthening Families Act, Adoption Savings Calculation, Applicable Children

## PROGRAM INSTRUCTION

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

**SUBJECT:** Adoption Savings Calculation Methodology

**LEGAL AND RELATED REFERENCES:** Title IV-E of the Social Security Act, as amended by Public Law 113-183, the Preventing Sex Trafficking and Strengthening Families Act, enacted September 29, 2014; P.L. 110-351; ACYF-CB-PI-09-08, ACYF-CB-PI-09-10, ACYF-CB-PI-10-11, and ACYF-CB-PI-14-06.

**PURPOSE:** To identify and provide instructions to title IV-E agencies on the use of a standard methodology, or procedures for obtaining approval of an alternate proposed methodology, to calculate annual adoption savings resulting from use of the title IV-E Adoption Assistance eligibility criteria in accordance with section 473(a)(2)(A)(ii) of the Social Security Act (Act).

### BACKGROUND:

Since federal fiscal year (FFY) 2010, title IV-E agencies have been required to enter into an adoption assistance agreement with the prospective adoptive parents of any child who meets the criteria for an "applicable child" as defined in section 473(e) of the Act, as well as the revised eligibility criteria in section 473(a)(2)(A)(ii) of the Act. Use of these eligibility criteria delinks the title IV-E Adoption Assistance program from the Aid to Families with Dependent Children (AFDC) requirements, among other changes. The definition of which children are classifiable as an applicable child is based on the child's circumstances in the FFY when the adoption assistance agreement is entered into. Specifically, there is a phase-in period between FFYs 2010-2017 during which children in differing age groups are designated as an applicable child. There are also other identified factors to be considered for those FFYs in making this determination. Beginning in FFY 2018, adoption assistance agreements entered into with the prospective adoptive parents of a child of any age are subject to the applicable child eligibility

criteria. See Program Instruction (PI) ACYF-CB-PI-09-10, dated August 29, 2009, for more details on the applicable child eligibility criteria.

The impact of this change in program eligibility criteria is that some number of children who, absent the applicable child eligibility criteria, would not have been determined as title IV-E eligible will now be determined as title IV-E eligible for adoption assistance. These children are referred to as having applicable child only status for title IV-E adoption assistance eligibility purposes. The statute (section 473(a)(8)) requires a title IV-E agency to spend an amount equal to any savings in title IV-E agency expenditures as a result of applying the differing program eligibility criteria to applicable children for a fiscal year for services permitted under title IV-B or IV-E.

P.L. 113-183 modified section 473(a)(8) of the Act effective October 1, 2014, to require title IV-E agencies to calculate and report annually the agency savings from applying the differing eligibility criteria, the methodology used to calculate the savings, how savings are spent, and on what services. Title IV-E agencies must use a methodology specified by the Secretary of the U.S. Department of Health and Human Services (Secretary) or may propose an alternative for the Secretary's approval. The calculated savings must be spent to provide services that may be provided under the title IV-B or IV-E programs; at least 30 percent of which must be spent on post-adoption services, post-guardianship services and services to support positive permanent outcomes for children at risk of entering foster care. At least two-thirds (2/3) of the 30 percent must be spent on post-adoption and post-guardianship services.<sup>1</sup> Title IV-E agencies must use the savings to supplement and not supplant any Federal or non-Federal funds used to provide any service under title IV-B or IV-E.

### **INFORMATION: Methodology to Calculate Adoption Savings**

In response to the requirements in P.L. 113-183, the Administration for Children and Families (ACF) Children's Bureau (CB) has developed a methodology for calculating annual adoption savings. This methodology is denoted as the "CB Method" and is effective for purposes of calculating adoption savings as of the beginning of FFY 2015. The methodology is summarized below. Note that the steps summarized assume use of sampling to calculate adoption savings. Some title IV-E agencies may choose to maintain sufficient data in their automated systems to permit the use of actual amounts (in lieu of sampling or statistical results) in applying the CB Method. This is not a separate methodology but is referred to as use of "Actual Amounts" to distinguish it from the overall CB Method. A title IV-E agency may alternatively propose a different method of calculating adoption savings for CB approval. This is referred to as "Alternate Approved Method". Attachment B of this PI provides comprehensive guidance on the procedures to be followed in the calculation of annual adoption savings, whether using

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<sup>1</sup>In other words, at least 20 percent of calculated savings must be spent on post-adoption and post-guardianship services. If at least 20 percent, but less than 30 percent of calculated savings are spent on post-adoption and post-guardianship services, the difference between the actual percentage and 30 percent must be spent on services to support positive permanent outcomes for children at risk of entering foster care. For instance, if a title IV-E agency spent 25 percent of the calculated savings on post-adoption and post-guardianship services, it would need to spend at least 5 percent on services to support positive permanent outcomes for children at risk of entering foster care.

sampling or actual amounts. It also identifies the procedures for obtaining CB approval of an alternate method.

***Overview:***

The “CB Method” is tied to the presence of individual children in the title IV-E adoption assistance caseload who would not otherwise be classified as title IV-E eligible, except for their meeting the applicable child criteria. In the absence of data on every title IV-E adoption assistance case, the CB Method uses random sampling to identify the extent of applicable child only status cases receiving title IV-E adoption assistance payments. The title IV-E agency’s per child per month title IV-E adoption assistance average claims and federal share rates are then used to calculate the savings. Savings are calculated in the title IV-E funding categories of adoption assistance payments and agency administration, since these two categories of cost are impacted by the existence of applicable child only status cases and represented over 98 percent of national FFY 2013 reported title IV-E adoption assistance claims.

***Summary of Calculation Steps:*** (See Attachment B for details)

The seven steps listed below summarize the process a title IV-E agency would use for calculating adoption savings for a FFY using the CB Method. This method identifies (through sampling or actual data) the prevalence of applicable child only status cases in the title IV-E adoption assistance current FFY caseload. It uses existing reported data to identify an average gross title IV-E claim per child for assistance payments and for adoption administration. These average claims are multiplied by the identified average monthly number of applicable child only status cases to calculate associated title IV-E claims. The adoption savings are the federal shares of these claims. Beginning with FFY 2016, calculations are also made for any newly reported claims for applicable periods in prior reported FFYs (starting with FFY 2015) subject to adoption savings reporting.

***Step 1. Identify open adoption assistance cases with current quarter payments classified as title IV-E eligible based on applicable child only status***

- (a) Identify and submit to CB a listing of the universe of cases with title IV-E adoption assistance claims during the first half of the FFY to represent the universe of such cases for the full FFY. Based on this submission, CB will draw a random sample of cases to be reviewed by the agency. Sample sizes are expected to range from approximately 108 to 207 cases.
- (b) Review sample cases to identify whether title IV-E adoption assistance payments were made and that the child is title IV-E eligible only due to his/her status as an applicable child.
- (c) Use the proportion of sampled cases where title IV-E eligibility exists solely due to applicable child status to calculate the universe of such children.

*Step 2. Identify total title IV-E adoption assistance payments claimed on behalf of applicable child only status cases for the current FFY*

Using caseload and claiming data reported on form CB-496 and the results of the sample case review, calculate the total title IV-E adoption assistance payment claims submitted on behalf of applicable child only status cases for the current FFY (whether submitted as current quarter or as prior quarter adjustment claims).

*Step 3. In FFY 2016 and later FFYs only - Identify total title IV-E adoption assistance payments on behalf of applicable child only status cases claimed as prior quarter adjustments in the current FFY for applicable quarters in previous FFYs subject to adoption savings reporting (i.e., for quarters during FFY 2015 or later).*

Using data reported on form CB-496 and the results of the sample case review conducted for the immediately prior FFY, identify any title IV-E adoption assistance payment claims submitted in the current FFY as prior quarter adjustment claims on behalf of applicable child only status cases for periods prior to that FFY when adoption savings reporting was required.

*Step 4. Calculate Adoption Assistance Payment Derived Savings*

Adoption savings consist of the federal share of identified costs for applicable child only status cases that are now subject to title IV-E Federal Financial Participation (FFP) (at the Federal Medical Assistance Percentage (FMAP) rate) only because of the determination of title IV-E eligibility based on applicable child only status. These costs would otherwise have been borne by the title IV-E agency without reimbursement of a title IV-E federal share.

*Step 5. Identify total title IV-E adoption administrative costs on behalf of applicable child only status cases for the current FFY*

Using data reported on form CB-496 and the results of the sample case review, identify title IV-E adoption assistance administrative cost claims on behalf of applicable child only status cases for the current FFY (whether submitted as current quarter or as prior quarter adjustment claims).

*Step 6. In FFY 2016 and later FFYs only - Identify total title IV-E adoption administrative costs on behalf of applicable child only status cases claimed as prior quarter adjustments in the current FFY for applicable quarters in previous FFYs subject to adoption savings reporting (i.e., for quarters during FFY 2015 or later)*

Using data reported on form CB-496 and the results of the sample case review conducted for the immediately prior FFY, identify any title IV-E adoption assistance administrative cost claims submitted in the current FFY as prior quarter adjustment claims on behalf of applicable child only status cases for periods prior to the current FFY when adoption savings reporting was required.

### *Step 7. Calculate Adoption Assistance Administration Derived Savings*

Adoption savings consist of the federal share of identified costs for applicable child only status cases that are now subject to title IV-E FFP (at the 50 percent matching rate) only because of the determination of title IV-E eligibility based on applicable child only status. These costs would otherwise have been borne by the title IV-E agency without reimbursement of a title IV-E federal share.

#### **INSTRUCTION:**

A title IV-E agency may begin to use the CB Method or choose to propose for CB approval an Alternate Approved Method to perform the calculation of adoption savings. Either way, adoption savings for FFY 2015, and for subsequent FFYs, must be calculated in accordance with a CB approved methodology. Title IV-E agencies are not required to use the CB Method or obtain CB approval for an alternate method of calculating adoption savings for FFYs prior to FFY 2015.

An alternate methodology proposed by a title IV-E agency will be approved by the CB if it is determined that it is designed to reasonably capture the same scope of costs associated with children throughout the state or tribal jurisdiction for whom adoption savings are occurring. More information on the use of an alternate methodology is contained in Attachment B.

Regardless of the approach adopted, CB encourages title IV-E agencies to consider adding a step to their initial title IV-E adoption assistance eligibility determination processes whereby any child subject to the applicable child criteria as per section 473(e) of the Social Security Act is assessed to determine eligibility status both as an applicable child (section 473(a)(2)(A)(ii)) and as a non-applicable child (section 473(a)(2)(A)(i)). Such a dual determination of title IV-E eligibility status could then serve as a basis for identifying those children who are title IV-E eligible solely due to the applicable child criteria. The findings of this process will facilitate the calculation of adoption savings as required per section 473(a)(8)(A) of the Act. If using the CB Method, this case-level information is required (for sample cases) to calculate adoption savings. If not captured as part of the initial eligibility determination, the necessary second step of the eligibility determination can be performed at a later point. This process, however, may prove more time consuming or difficult to complete due to the passage of time and the availability of supporting documentation. Therefore, CB urges title IV-E agencies to use this two-step process as part of all initial title IV-E adoption assistance eligibility determinations in which the child meets the applicable child criteria.

#### **ACTIONS REQUIRED:**

Each title IV-E agency must submit a notification of its decision to utilize the CB Method for calculating adoption savings for FFY 2015 or of its intention to pursue an Alternative Approved Method. This notice is to be submitted electronically on title IV-E agency letterhead that is signed by an authorized official to the CB Regional Program Manager assigned to work with the agency (see Attachment A). The notice for the FFY 2015 calculation is due **within 30 days of**

**the date of this issuance** and will be due for purposes of future FFY calculations by June 1 of each year. If the CB Method is chosen, the notification should also indicate whether, and if so, to what extent information on Actual Amounts will be used in lieu of sampling or application of statistical results.

The CB will be scheduling a briefing prior to the above requested FFY 2015 notification date to review the details of the adoption savings calculation procedures and to answer any title IV-E agency questions relative to responding to that request. Further instructions on the timing and procedures for the submission of a sampling universe for the CB Method and further submission requirements should a title IV-E agency elect to propose for CB's consideration an Alternate Approved Method will be provided separately at a later date.

In addition, a report form for the required annual reporting of adoption savings calculations and expenditures is currently under development. The first annual report will cover FFY 2015 as the current FFY for reporting purposes. No reporting will be required with respect to any adoption savings calculated for earlier FFYs. Further information on the proposed report form will be made available through a Federal Register Notice and once approved by the Office of Management and Budget, will be disseminated through a separate PI.

**INQUIRIES TO:** Children's Bureau Regional Program Managers

/s/

Mark H. Greenberg  
Acting Commissioner

Attachment A: Children's Bureau Regional Program Managers

Attachment B: Calculating Annual Adoption Savings Achieved Due to the "Applicable Child"  
Title IV-E Adoption Assistance Eligibility Criteria

Regional Program Managers – Children’s Bureau

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<p>2</p>	<p><b>Region 2 - New York City</b>                  Alfonso Nicholas  <a href="mailto:alfonso.nicholas@acf.hhs.gov">alfonso.nicholas@acf.hhs.gov</a>                  26 Federal Plaza, Rm. 4114                  New York, NY 10278                  (212) 264-2890, x 145  <b>States and Territories:</b> New Jersey, New York, Puerto Rico, Virgin Islands</p>	<p>7</p>	<p><b>Region 7 - Kansas City</b>                  Deborah Smith  <a href="mailto:deborah.smith@acf.hhs.gov">deborah.smith@acf.hhs.gov</a>                  Federal Office Building                  Room 349                  601 E 12th Street                  Kansas City, MO 64106                  (816) 426-2262  <b>States:</b> Iowa, Kansas, Missouri, Nebraska</p>
<p>3</p>	<p><b>Region 3 - Philadelphia</b>                  Lisa Pearson  <a href="mailto:lisa.pearson@acf.hhs.gov">lisa.pearson@acf.hhs.gov</a>                  150 S. Independence                  Mall West - Suite 864                  Philadelphia, PA 19106-3499                  (215) 861-4030  <b>States:</b> Delaware, District of Columbia, Maryland, Pennsylvania, Virginia, West Virginia</p>	<p>8</p>	<p><b>Region 8 - Denver</b>                  Marilyn Kennerson  <a href="mailto:marilyn.kennerson@acf.hhs.gov">marilyn.kennerson@acf.hhs.gov</a>                  Federal Office Building                  999 18<sup>th</sup> Street---South Terrace                  Suite 499                  Denver, Colorado 80202                  (303) 844-3100  <b>States:</b> Colorado, Montana, North Dakota, South Dakota, Utah, Wyoming</p>
<p>4</p>	<p><b>Region 4 - Atlanta</b>                  Shalonda Cawthon  <a href="mailto:shalonda.cawthon@acf.hhs.gov">shalonda.cawthon@acf.hhs.gov</a>                  61 Forsyth Street, SW                  Atlanta, GA 30303-8909  <b>States:</b> Alabama, Mississippi, Florida, North Carolina, Georgia, South Carolina, Kentucky, Tennessee</p>	<p>9</p>	<p><b>Region 9 - San Francisco</b>                  Douglas Southard  <a href="mailto:douglas.southard@acf.hhs.gov">douglas.southard@acf.hhs.gov</a>                  90 7<sup>th</sup> Street - 9<sup>th</sup> Floor                  San Francisco, CA 94103                  (415) 437-8425  <b>States and Territories:</b> Arizona, California, Hawaii, Nevada, Outer Pacific—American Samoa Commonwealth of the Northern Marianas, Federated States of Micronesia (Chuuk, Pohnpei, Yap) Guam, Marshall Islands, Palau</p>
<p>5</p>	<p><b>Region 5 - Chicago</b>                  Angela Green  <a href="mailto:angela.green@acf.hhs.gov">angela.green@acf.hhs.gov</a>                  233 N. Michigan Avenue                  Suite 400                  Chicago, IL 60601                  (312) 353-9672  <b>States:</b> Illinois, Indiana, Michigan, Minnesota, Ohio, Wisconsin</p>	<p>10</p>	<p><b>Region 10 - Seattle</b>                  Tina Naugler  <a href="mailto:tina.naugler@acf.hhs.gov">tina.naugler@acf.hhs.gov</a>                  701 Fifth Avenue, Suite 1600, MS-73                  Seattle, WA 98104                  (206) 615-3657  <b>States:</b> Alaska, Idaho, Oregon, Washington</p>

## Attachment B

### **Calculating Annual Adoption Savings Achieved Due to the “Applicable Child” Title IV-E Adoption Assistance Eligibility Criteria**

#### I. Definitions:

*Applicable Child* - For title IV-E Adoption Assistance purposes, those children meeting the age related and other criteria specified at section 473(e) of the Social Security Act (Act).

*Applicable Child Eligibility Criteria* – For title IV-E Adoption Assistance purposes, the determination of program eligibility in accordance with special criteria at sections 473(a)(2)(A)(ii) and 473(a)(7) of the Act.

*Applicable Child Only Status* – Those children who are subject to applicable child eligibility criteria that are determined as eligible for title IV-E adoption assistance, but would not be title IV-E eligible without applying such criteria. There will be some children who meet the criteria as an applicable child, but would have been eligible for title IV-E adoption assistance without considering that criteria. Such children are excluded from this definition.

*Annual Adoption Savings* – The dollar amount of federal financial participation (FFP) over a federal fiscal year (FFY) of title IV-E claimed costs for adoption assistance which would have been borne entirely by the title IV-E agency (non-title IV-E reimbursable) which are now subject to title IV-E FFP solely because of the determination of title IV-E eligibility based on applicable child only status.

*Annual Adoption Savings Calculation Methodology* – A set of procedures used to calculate annual adoption savings on behalf of title IV-E applicable child only cases (where actual amounts are not available) in accordance with section 473(a)(8)(A) of the Act. If a title IV-E agency cannot identify these actual amounts it must either use the Children’s Bureau calculation methodology (described in section III below) or propose an alternate method that is subject to approval by the Children’s Bureau.

*Annual Actual Adoption Savings Amount* - An amount associated with the actual children within the title IV-E agency’s jurisdiction that were determined as meeting applicable child only status and on whose behalf specifically identified adoption assistance costs were title IV-E claimed during a FFY.

*Annual Adoption Savings Calculation and Accounting Report* – The report to be completed by each title IV-E agency as per section 473(a)(8)(B) of the Act (effective October 1, 2014) which identifies the methodology used to calculate annual adoption savings, the amount of any such savings and an accounting of expenditures made from reported adoption savings. Submission of this report will be required annually (upon approval by the federal Office of Management and Budget). Details on the content and timing of this report will be provided in an upcoming Children’s Bureau issuance.

*Current FFY* – The federal fiscal year (FFY) for which adoption savings are being calculated. Annual adoption savings for the current FFY is calculated with respect to specified current quarter claims and those prior quarter adjustments claimed during the current FFY with an applicable quarter in the current FFY.

*Prior Reported FFYs* – Those federal fiscal years (FFYs) before the current FFY for which adoption savings reporting was required. FFY 2015 is the first FFY for which such reporting is applicable. Beginning for FFY 2016, an adoption savings calculation is made for any relevant reported prior quarter adjustment claims submitted on form CB-496 for a quarter during the current FFY that has an applicable period in a prior FFY subject to adoption savings reporting.

## II. Background Information

Title IV-E agencies must calculate the savings (if any) resulting from the application of differing title IV-E adoption assistance eligibility criteria for those children classified as an “applicable child” during a fiscal year. This requirement has been in effect since FFY 2010. Effective October 1, 2014, section 473(a)(8)(A) of the Social Security Act (Act) was amended by Public Law 113-183 to require that this calculation be performed using a methodology specified by the Secretary or an alternate methodology proposed by the title IV-E agency and approved by the Secretary. Section 473(a)(8)(B) of the Act requires (as of October 1, 2014) an annual report of the methodology used and the amount of calculated adoption savings. The annual report must also separately identify how such calculated savings are spent.

The Administration for Children and Families (ACF) Children’s Bureau (CB) has developed a methodology denoted as the “CB Method” for calculating annual adoption savings. A title IV-E agency may use the CB Method or choose to propose for CB approval an alternate methodology to perform this calculation for FFY 2015 and subsequent FFYs. The latter process is referred to as an “Alternate Approved Method”. Finally, some title IV-E agencies may choose to maintain sufficient data in their automated systems to permit the use of actual amounts (in lieu of sampling or statistical results) in applying the CB Method. This is not a separate methodology but serves as a substitute for several steps in the CB Method. It is referred to as use of “Actual Amounts” to distinguish it from the overall CB Method.

The form for the required annual reporting of adoption savings calculations and expenditures is currently under development. The first annual report will, however, cover FFY 2015 as the current FFY. Further information on the proposed reporting form will be made available through a *Federal Register Notice* and once approved through a separate Program Instruction.

## III. Children’s Bureau Adoption Savings Calculation Methodology

### Overview

The Children’s Bureau (CB) adoption savings calculation methodology or “CB Method” follows the premise that any adoption savings is tied to the presence of individual children in the title IV-E adoption assistance caseload who would not otherwise be classified as title IV-E eligible except for their meeting of the applicable child status. Actual title IV-E agency wide data on these individual children (see section IV below) is viewed as preferable to the

application of any methodology to calculate the scope of such a population. In the absence of actual data, the CB Method provides for the use of random sampling to identify the extent of the applicable child only status cases receiving title IV-E adoption assistance payments through the title IV-E agency. It also uses the title IV-E agency's per child per month title IV-E average claims and federal share rates to identify the savings amount associated with each such identified child.

Savings are calculated in the title IV-E funding categories of adoption assistance payments and agency administration since these two categories are impacted by the existence of applicable child only status and represent over 98 percent of national FFY 2013 reported title IV-E adoption assistance claims. Non-recurring adoption expense payments are excluded from consideration since the existence of applicable child only status would not impact title IV-E funding in this category. Adoption training claims are excluded at this time since FFY 2013 national data establishes that less than 1 percent of title IV-E adoption assistance claims are in this funding category. Adoption demonstration project claims are currently excluded since there were no such claims in FFY 2013. The CB will monitor the level of these claims and make prospective changes to the methodology, as appropriate.

#### Election to Use the CB Method

Each title IV-E agency choosing to use the CB Method must notify CB by June 1st of the current FFY (within 30 days of the issuance of ACYF-CB-PI-15-06 for FFY 2015 purposes) that it has chosen to use the CB Method, and if so, to what extent information on Actual Amounts (see section IV below) will be used in lieu of sampling or application of statistical results.

#### Calculation Steps

##### Summary:

The seven steps described below detail the process for calculating adoption savings for a FFY using the CB Method. This method first identifies (through sampling or data for the entire caseload, if available) the prevalence of applicable child only status cases (see definition in the above section) in the title IV-E adoption assistance current FFY caseload. It then uses existing reported data to identify an average gross title IV-E claim per child for assistance payments and for adoption administration. These average claims are multiplied by the identified average monthly number of applicable child only status cases to calculate title IV-E claims associated with these children. The calculated adoption savings are the federal shares of these claims. Beginning for FFY 2016, calculations of the same nature are also made for any adoption savings based on newly reported claims for applicable periods in prior reported FFYs (those FFYs subject to adoption savings reporting). The calculations for prior reported FFYs assess any reported prior quarter adjustment claims in applicable title IV-E funding categories for such periods that may be reported during the current FFY.

##### Details:

1. Identify open adoption assistance cases with current quarter payments classified as title IV-E eligible based on applicable child only status

The CB's methodology for calculating adoption savings relies on the identification of those children in all cases in the title IV-E agency's jurisdiction that are in receipt of title IV-E

adoption assistance payments solely due to the applicable child eligibility criteria.<sup>2</sup> If a full identification of all such cases (see *Actual Adoption Savings Amount* definition above) is not feasible, the title IV-E agency electing to use the CB Method will use a random sample to determine the size and proportion (relative to other title IV-E eligible adoption assistance cases) of this population. Such a title IV-E adoption assistance case sample must be drawn, from caseload eligibility data reported on the Title IV-E Programs Quarterly Financial Report (form CB-496) Part 1, line 45 as derived from the title IV-E agency's automated system for the first half (six months) of the current FFY. The sample size needed will be determined based on the scope of each title IV-E agency's title IV-E adoption assistance caseload. A simple random sample will be drawn using an 85% confidence level and a margin of error of 5%.

(a). Selection of sample cases from the reported universe

Summary:

A random sample of cases with title IV-E adoption assistance claims during the first half of the FFY is drawn to represent the universe of such cases for the full FFY.

Details:

The following procedures must be followed:

- A. Source of Case Universe - The source of cases considered in the calculation of adoption savings consists of all children included in form CB-496 Part 1, line 45 (current quarter column) reports. Line 45 of the CB-496 identifies the average monthly number of children for whom the title IV-E Adoption Assistance payments reported were made for the current quarter or are anticipated to be made for the estimate quarter. Note: Only the current quarter count is considered for selecting the case universe. The universe for each current FFY is limited to the above identified children included on form CB-496 reports for the first two quarters of the FFY since that data is due to be reported on form CB-496 by April 30<sup>th</sup> of each FFY.
- B. Case Universe - The unduplicated list of the children identified in step I.(a)A above is the case universe from which either data is compiled (Actual Amounts) or a random sample of cases must be chosen and reviewed (CB Method).
- C. Case Universe Submission and Review - If Actual Amounts (see section IV below) are not being used, a list of the case numbers (AFCARS or other encrypted IDs) must be compiled for all children included in the form CB-496 Part 1, line 45 current quarter count (case universe) provided for each of the first two quarters in the current FFY (review period). The case universe is to be submitted to the CB no later than 30 days after the title IV-E agency's notification to use the CB Method (see the section "Election to Use the CB Method"). Any concerns will be communicated to the title IV-E agency by the CB within 30 days of the case universe submission.
- D. Drawing of Case Sample - The CB will draw the random sample (and a 10% oversample) from the universe and provide it to the title IV-E agency. A simple

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<sup>2</sup> If a child meets the criteria for classification as an applicable child, but would also have been determined as title IV-E eligible for adoption assistance without application of this criteria he/she should not be counted in this step.

random sample will be drawn using an 85% confidence level and a margin of error of 5%. The sample will usually be provided to the title IV-E agency (unless case universe concerns are identified) within 30 days of the case universe submission.

- E. Case Sample Size - The required sample size will vary depending on the reported caseload size. Preliminary analysis of FFY 2014 CB-496 Part 1, line 45 data indicates that a sample size ranging between approximately 108 and 207 cases will be required at the 85% confidence level. This data indicates that the average and median title IV-E agency case sample size will be 181 and 199, respectively. This sample size will vary slightly depending on the identified case universe for each title IV-E agency in each FFY.
- F. Case Sample Modifications - The CB will approve dropping a case from the sample only if it is documented that the child was erroneously reported as in receipt of a title IV-E adoption assistance payment during the review period and that appropriate title IV-E prior quarter adjustment claims are being processed.

(b). Sample case review and data compilation procedures

Summary:

Review sample cases to identify whether the child is only title IV-E eligible due to his/her status as an applicable child. The findings are compiled to identify the average monthly number of children meeting or not meeting this criterion.

Details:

The following procedures must be followed:

- A. Timing of Sample Case Reviews - Sample case reviews are conducted by title IV-E agency staff and can commence as soon as the CB has drawn and provided the sample. The review of sample cases must, however, be completed and compiled in time to complete the Annual Adoption Savings Calculation and Accounting Report for the current FFY. Although a due date for this annual report has not yet been established, we anticipate it will be October 30<sup>th</sup> with a later date for the FFY 2015 submission.
- B. Sample Case Review Protocol - Each selected sample case must be reviewed by the title IV-E agency to establish whether the child would not have been determined as title IV-E eligible without application of applicable child status eligibility criteria. This determination involves two elements: 1) Relevancy of applicable child status and; 2) if relevant, would title IV-E eligibility exist without applying applicable child status. The case review is performed using the following procedures:
  - I. Determine, in accordance with section 473(e) of the Act, whether the child meets the applicable age or either of the two exception categories in the FFY when the adoption assistance agreement was entered into as defined at section 475(3) of the Act. If NO, the case review is complete for that case. If YES, continue with sub-step II.(shown below).
  - II. Determine, where the applicable child status is relevant (sub-step I. above), whether the child would only have been determined as title IV-E eligible with use of the applicable child eligibility criteria. If the initial

eligibility determination included this determination, the reviewer need only establish the finding from that material. If not, the reviewer will need to apply the title IV-E eligibility criteria as specified at section 473(a)(2)(A)(i) of the Act to determine whether title IV-E adoption assistance eligibility can be established (non-applicable child criteria) based on the case circumstances. The case review finding should be classified as YES (i.e., the child is only title IV-E eligible due to the applicable child status) or NO (i.e., the child would have been title IV-E eligible regardless of the applicable child status). Note: If case record documentation is not sufficient to establish title IV-E eligibility absent the applicable child status, the finding must be classified as YES since that is the only documented basis for title IV-E eligibility.

- C. Sample Period Payments - All sample cases must be identified with respect to the number of activity<sup>3</sup> months within the six month sample period (i.e. October – March) that the case was in receipt of a title IV-E claimed adoption assistance payment. Only those cases with a title IV-E adoption assistance payment for activity in a sample period month will be considered in computing sample case review findings.
- D. Applicable Child Only Status Sample Case Compilation - The total number of sampled applicable child only status cases (YES in step 1.(b)B.II) with a title IV-E adoption assistance payment for each activity month in this six month period is then summed and divided by six. The result is the average monthly number of children in applicable child only status sampled cases in receipt of title IV-E funded adoption assistance during the sample period.
- E. Non-Applicable Children and Applicable Children That Meet Non-Applicable Child Eligibility Status Sample Case Compilation - The step 1.(b)D procedure is also applied for the remaining sample cases found to be otherwise title IV-E eligible (NO in steps 1.(b)B.I or 1.(b)B.II) with a title IV-E adoption assistance payment for each activity month in this six month period. The result is the average monthly number of children that are not in applicable child only status sampled cases in receipt of title IV-E funded adoption assistance during the sample period.
- F. Total Sample Case Compilation - The two above results (steps 1.(b)D and 1.(b)E) are then summed to compute the total average monthly number of children receiving title IV-E adoption assistance amounts in the sample cases for the sample period. Note: As a technical assistance effort, a spreadsheet for recording and calculating sample case findings using the CB Method will be provided to each title IV-E agency electing to use this calculation methodology.

(c). Application of sample case review findings

Summary:

Use the proportion of sampled cases where title IV-E eligibility exists solely due to applicable child status is identified and used to calculate the universe of such children.

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<sup>3</sup> An activity refers to the provision of adoption assistance through an adoption assistance agreement as defined in section 475(3) the Social Security Act.

Details:

The following procedures must be followed:

- A. Applicable Child Only Status Proportion of Sampled Cases - The sample case finding of the applicable child only average monthly number of children (step 1.(b)D) is divided by the total average monthly number of title IV-E adoption assistance children (step 1.(b)F). The resulting percentage then represents the proportional representation of applicable child only status cases in the sampled title IV-E adoption assistance caseload.<sup>4</sup>
- B. All Title IV-E Adoption Assistance Children - Current FFY Average Monthly Number - The form CB-496 reported number of children assisted through title IV-E adoption assistance payments during each of the four quarters of the current FFY (form CB-496 Part 1, line 45, Actual Count Current Quarter Column) is added together. This subtotal is then divided by four to obtain a quarterly average.
- C. Applicable Child Only Cases - Current FFY Computed Average Monthly Number - Multiply the above step 1.(c)B result by the percentage obtained in step 1.(c)A above. This number (rounded to the nearest whole number) is to be used as the applicable child only status caseload for the specified current FFY and will be reported on the Annual Adoption Savings Report [currently under development]. If any prior quarter adjustment claims (increasing or decreasing) with an applicable quarter in a prior reporting FFY are submitted in the following FFY for funding categories subject to adoption savings calculation, the same number is then reported on the Annual Adoption Savings Calculation and Accounting Report [] submission for the next FFY for purposes of computing adoption savings for prior reported FFYs .

2. Identify total title IV-E adoption assistance payments claims on behalf of applicable child only status cases for the current FFY

Summary:

Using caseload and claiming data reported on form CB-496 and the results of the sample case review, calculate the total title IV-E adoption assistance payment claims submitted on behalf of applicable child only status cases for the current FFY (whether submitted as current quarter or as prior quarter adjustment claims).

Details:

This step is performed using procedures as follows:

- A. All Title IV-E Adoption Assistance Children - Current FFY Title IV-E Adoption Assistance Current Quarter Claims - The amounts reported on form CB-496 as total computable current quarter adoption assistance payment claims during each of the four quarters of the current reporting FFY (Form CB-496 Part 1, lines 21 and 22, Column A) are summed to obtain a FFY total.
- B. All Title IV-E Adoption Assistance Children - Current FFY Title IV-E Adoption

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<sup>4</sup> Although this proportion is derived from data for the first six months of the FFY, it is used for the entire FFY since the proportion is unlikely to decrease in the latter half of the FFY. The Children's Bureau will provide the necessary formula for this calculation as part of the technical assistance spreadsheet identified in step 1.(b)F.

Assistance Prior Quarter Adjustment Claims for Current FFY Periods - Any amounts reported on form CB-496 as total computable prior quarter adjustment adoption assistance payment claims during each of the latter three quarters of the current FFY (Form CB-496 Part 1, lines 21 and 22, Column C) that are identified in Part 2 as applicable to a fiscal quarter ended that is within the current FFY are summed to obtain a FFY total.

- C. All Title IV-E Adoption Assistance Children - Current FFY Average Monthly Number - The form CB-496 amounts reported on the number of children assisted through title IV-E adoption assistance payments during each of the four quarters of the current FFY (Form CB-496 Part 1, line 45, Actual Count Current Quarter Column) are summed and then divided by four to obtain a quarterly average caseload. (Same as step 1.(c)B above.)
- D. All Title IV-E Adoption Assistance Children - Current FFY Average Title IV-E Adoption Assistance Claims per Child - The claims total obtained in steps 2.A and 2.B above is summed and divided by the total from step 2.C. This amount is the average total title IV-E adoption assistance payment per average child assisted for the current FFY.
- E. Applicable Child Only Cases - Current FFY Computed Title IV-E Adoption Assistance Claims - Multiply the result in step 2.D above by the step 1.(c)C identified caseload. This total is the calculated amount of title IV-E adoption assistance payment claims made in the current FFY on behalf of applicable child only status cases. The amount (rounded to the nearest whole dollar) is to be reported on the Annual Adoption Savings Calculation and Accounting Report.

3. In FFY 2016 and later FFYs only - Identify total title IV-E adoption assistance payments on behalf of applicable child only status cases claimed as prior quarter adjustments in the current FFY for applicable quarters in previous FFYs subject to adoption savings reporting (i.e., for quarters during FFY 2015 or later).

Note: The calculations described in this step are not to be performed for the FFY 2015 reporting period since this is the first FFY where adoption savings reporting is required.

Summary:

Using data reported on form CB-496 and the results of the sample case review conducted for the immediately prior FFY, identify any title IV-E adoption assistance payment claims submitted in the current FFY as prior quarter adjustment claims on behalf of applicable child only status cases for periods prior to that FFY when adoption savings reporting was required.

Details:

This step is performed using procedures as follows:

- A. All Title IV-E Adoption Assistance Children - Current FFY Title IV-E Adoption Assistance Prior Quarter Adjustment Claims for Periods In Prior Reported FFYs - Any amounts reported on form CB-496 as total computable prior quarter adjustment adoption assistance payment claims during each of the four quarters of the current FFY (Form CB-496 Part 1, lines 21 and 22, Column C) that are identified in Part 2 as applicable to a fiscal quarter ended

that is within one of the previous FFYs subject to adoption savings reporting are summed to obtain a total.

Notes: Adoption savings reporting is applicable to FFY 2015 and subsequent FFYs only. If the step 3.A total is zero, the amount to be reported on the Annual Adoption Savings Calculation and Accounting Report is \$0. Proceed to step 4.

- B. Applicable Child Only Status Proportion of Sampled Cases - The proportion of children receiving title IV-E claimed adoption assistance payments due to applicable child only status must be identified from calculations for the immediately preceding Current FFY (e.g. FFY 2015 data used for the FFY 2016 calculation) in accordance with step 1.(c)A above.
- C. Applicable Child Only Cases – Prior Reported FFYs Computed Title IV-E Adoption Assistance Claims - The claims total obtained in step 3.A above is multiplied by the percentage from step 3.B. This total is the calculated amount of any title IV-E adoption assistance payment prior quarter adjustment claims made in the current FFY for earlier adoption savings reporting FFYs (Note: Adoption savings reporting FFYs commence with FFY 2015) on behalf of applicable child only status cases. The amount (rounded to the nearest whole dollar) is to be reported on the Annual Adoption Savings Calculation and Accounting Report].

#### 4. Calculate Adoption Assistance Payment Derived Savings

##### Summary:

Adoption savings consist of the federal share of identified title IV-E claimed costs for applicable child only status cases that are now subject to title IV-E FFP (at the federal medical assistance percentage (FMAP) only because of the determination of title IV-E eligibility based on applicable child only status. These costs would otherwise have been borne by the title IV-E agency without reimbursement of a title IV-E federal share.

##### Details:

This step is performed using procedures as follows:

- A. Current FFY Computed Title IV-E Adoption Assistance Payment Savings - The total from step 2.E above is multiplied by the Federal Medical Assistance Percentage (FMAP) rate applicable to the title IV-E agency for the current reporting FFY. This amount represents savings to the title IV-E agency for adoption assistance payment title IV-E claims for the current FFY in that it is federal funding that would not otherwise have been received absent the availability of the applicable child eligibility criteria. The amount is to be reported on Annual Adoption Savings Calculation and Accounting Report ].
- B. Prior Reported FFYs Computed Title IV-E Adoption Assistance Payment Savings - The total from step 3.C above (if any) is multiplied by the Federal Medical Assistance Percentage (FMAP) rate applicable to the title IV-E agency for the immediately prior FFY. This amount represents savings to the title IV-E agency for adoption assistance payment title IV-E claims for prior FFYs in that it is federal funding that would not otherwise have been received absent the

availability of the applicable child eligibility criteria. The amount (rounded to the nearest whole dollar) is reported on the Annual Adoption Savings Calculation and Accounting Report].

5. Identify total title IV-E adoption administrative costs on behalf of applicable child only status cases for the current FFY

Summary:

Using data reported on form CB-496 and the results of the sample case review, identify title IV-E adoption assistance administrative cost claims on behalf of applicable child only status cases for the current FFY (whether submitted as current quarter or as prior quarter adjustment claims).

Details:

This step is performed using procedures as follows:

- A. All Title IV-E Adoption Assistance Children - Current FFY Title IV-E Adoption Agency Administration Current Quarter Claims - The amounts reported on form CB-496 as total computable current quarter adoption assistance administrative costs - agency during each of the four quarters of the current FFY (Form CB-496 Part 1, line 23, Column A) are summed to obtain a FFY total.
- B. All Title IV-E Adoption Assistance Children - Current FFY Title IV-E Adoption Agency Administration Prior Quarter Adjustment Claims for Current FFY Periods - Any amounts reported on form CB-496 as total computable prior quarter adjustment adoption assistance administrative costs - agency claims during each of the latter three quarters of the current FFY (Form CB-496 Part 1, line 23, Column C) that are identified in Part 2 as applicable to a fiscal quarter ended that is within the current FFY are summed to obtain a FFY total.
- C. All Title IV-E Adoption Assistance Children - Current FFY Average Monthly Number - The form CB-496 reported number of children assisted through title IV-E adoption assistance payments during each of the four quarters of the current FFY (Form CB-496 Part 1, line 45, Actual Count Current Quarter Column) are summed and then divided by four to obtain a quarterly average caseload.
- D. All Title IV-E Adoption Assistance Children - Current FFY Average Title IV-E Adoption Agency Administration Claims per Child - The total obtained in steps 5.A and 5.B above is summed and divided by the total from step 5.C. This amount is the average total title IV-E adoption assistance administrative cost per average child assisted for the current FFY.
- E. Applicable Child Only Cases - Current FFY Computed Title IV-E Adoption Agency Administration Claims - Multiply the result in step 5.D above by the step 1.(c)C identified caseload. This total is the calculated amount of title IV-E adoption assistance administrative cost claims for the current FFY on behalf of applicable child only status cases. The amount (rounded to the nearest whole dollar) is reported on the Annual Adoption Savings Calculation and Accounting Report].

6. In FFY 2016 and later FFYs only - Identify total title IV-E adoption administrative costs on behalf of applicable child only status cases claimed as prior quarter adjustments in the current FFY for applicable quarters in previous FFYs subject to adoption savings reporting (i.e., for quarters during FFY 2015 or later).

Note: The calculations described in this step are not to be performed for the FFY 2015 reporting period since this is the first FFY where adoption savings reporting is required.

Summary:

Using data reported on form CB-496 and the results of the sample case review conducted for the immediately prior FFY, identify any title IV-E adoption assistance administrative cost claims submitted in the current FFY as prior quarter adjustment claims on behalf of applicable child only status cases for periods prior to the current FFY when adoption savings reporting was required.

Details:

This step is performed using procedures as follows:

- A. All Title IV-E Adoption Assistance Children - Current FFY Title IV-E Adoption Agency Administration Prior Quarter Adjustment Claims for Periods In Prior Reported FFYs - Any amounts reported on form CB-496 as total computable prior quarter adjustment adoption assistance administrative costs - agency title IV-E claims during each of the four quarters of the current FFY (Form CB-496 Part 1, line 23, Column C) that are identified in Part 2 as applicable to a fiscal quarter ended that is within one of the previous FFYs subject to adoption savings reporting are summed to obtain a total.  
Notes: Adoption savings reporting is applicable to FFY 2015 and subsequent FFYs only. If the step 6A total is zero, the amount to be reported on the Annual Adoption Savings Calculation and Accounting Report t] is \$0. Proceed to step 7.
- B. Applicable Child Only Status Proportion of Sampled Cases - The proportion of children receiving adoption assistance payments that are title IV-E claimed must be identified from calculations for the immediately preceding Current FFY (e.g. FFY 2015 data used for the FFY 2016 calculation) in accordance with step 1(c)A above.
- C. Applicable Child Only Cases – Prior Reported FFYs Computed Title IV-E Adoption Agency Administration Claims - The claims total obtained in step 6.A above is multiplied by the percentage from step 6.B. This total is the calculated amount of any title IV-E adoption assistance administration - agency prior quarter adjustment title IV-E claims made in the current FFY for earlier adoption savings reporting FFYs on behalf of applicable child only status cases. The amount (rounded to the nearest whole dollar) is reported on the Annual Adoption Savings Calculation and Accounting Report ].

7. Calculate Adoption Assistance Administration Derived Savings

Summary:

Adoption savings consist of the federal share of identified costs for applicable child only status cases that are now subject to title IV-E FFP (at the 50 percent matching rate) only because of the determination of title IV-E eligibility based on applicable child only status. These costs would otherwise have been borne by the title IV-E agency without reimbursement of a title IV-E federal share.

Details:

This step is performed using procedures as follows:

- A. Current FFY Computed Title IV-E Adoption Agency Administration Savings - The total from step 5.E above is multiplied by the federal financial participation (FFP) rate applicable for administration (50% FFP). This amount represents savings to the title IV-E agency for adoption assistance administration – agency title IV-E claims for the current FFY in that it is federal funding that would not otherwise have been received absent the availability of the applicable child eligibility criteria. The amount is to be reported on the Annual Adoption Savings Calculation and Accounting Report ].
- B. Prior Reported FFYs Computed Title IV-E Adoption Agency Administration Savings - The total from step 6.C above (if any) is multiplied by the federal financial participation (FFP) rate applicable for administration (50% FFP). This amount represents savings to the title IV-E agency for adoption assistance administration – agency title IV-E claims for prior FFYs in that it is federal funding that would not otherwise have been received absent the availability of the applicable child eligibility criteria. The amount is reported on the Annual Adoption Savings Calculation and Accounting Report ].

IV. Using Actual Amounts in the CB Method for Adoption Savings Calculation

A title IV-E agency need not utilize the complete CB Method to calculate adoption savings if it has access to all or some of the actual data required to perform this calculation. A title IV-E agency may elect to use actual amounts in lieu of case sampling or calculated claiming averages for calculating annual adoption savings for a FFY. If so, the title IV-E agency must notify the Children’s Bureau (CB) of this election no later than June 1<sup>st</sup> of that FFY (within 30 day of the issuance of ACYF-CB-PI-15-06 for FFY 2015 purposes). The steps involved in performing an actual calculation of adoption savings are as follows:

1. Collecting An Applicable Child Only Status Cases Count - Each adoption assistance case where a child is determined as title IV-E eligible only through application of the applicable child eligibility criteria must be coded as such and tracked monthly for payment activity status purposes within the title IV-E agency’s automated system.
2. Computing A Current FFY Applicable Child Only Status Average Monthly Case Count - The total number of these cases for each month in the current FFY are then summed and divided by twelve. The result is the average monthly number of children in applicable child only status cases during the specified current FFY.
3. Identifying Applicable Child Only Title IV-E Adoption Assistance Current FFY Claims - The

individual adoption assistance payments that were title IV-E claimed during the current FFY for these children (if this data is retrievable) are then summed to identify the costs from which the assistance payment component of adoption savings are identified. Note: If a title IV-E agency cannot readily identify all title IV-E adoption assistance payments made on behalf of this population, it may alternatively use the current FFY average payment per child as determined in section III, step 2D.

4. All Title IV-E Adoption Assistance Children - Current FFY Average Title IV-E Adoption Agency Administration Claims Per Child - Adoption savings attributable to title IV-E adoption administration is calculated using the average annual claim per child reported during the current FFY. This number is derived in accordance with the instructions in section III, step 5D.

5. Identifying Applicable Child Only Title IV-E Adoption Agency Administration Current FFY Claims - The step 4 (above) number is multiplied by the current FFY actual average monthly number of applicable child only status cases (step 2 above). This total consists of the costs from which the administration component of adoption savings is identified.

6. Computed Title IV-E Adoption Assistance and Agency Administration Savings for the Current FFY - The final calculation of adoption savings for the current FFY is performed (separately for assistance payments and administration) by computing the federal share of the calculated title IV-E costs on behalf of applicable child only status cases (see steps 4 and 6 above). Calculated amounts are reported on the Annual Adoption Savings Calculation and Accounting Report [currently under development].

#### V. Using An Alternate Approved Method to Calculate Adoption Savings

A title IV-E agency may elect to propose an alternative methodology for calculating annual adoption savings for a FFY. If so, the title IV-E agency must notify the Children's Bureau (CB) of this election no later than June 1<sup>st</sup> of that FFY (within 30 day of the issuance of ACYF-CB-PI-15-06 for FFY 2015 purposes). This methodology must then be submitted to the CB for approval before the end of the current FFY for which adoption savings are to be calculated. Further instructions on the procedures for this submission will be provided to those title IV-E agencies providing such notice.

Once approved, an alternate methodology is referred to for reporting purposes as an "Alternate Approved Method". To receive approval, such a methodology must be determined by CB to be of sufficient scope to reasonably identify all adoption savings derived from costs in the same funding categories as are assessed by the CB Method throughout the title IV-E agency's jurisdiction for the current FFY and for any prior reported FFYs. An Alternate Approved Method may include some of the steps from the CB Method along with other differing steps as deemed appropriate. It also must (to the extent that it relies on sampling) meet statistical validity standards and appropriately exclude from the calculation of annual adoption savings the impact of factors unrelated to the presence of applicable child only status cases.