

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, California 95814



January 07, 2005

ALL COUNTY INFORMATION NOTICE I-86-04

TO: ALL COUNTY WELFARE DIRECTORS
CHIEF PROBATION OFFICERS

REASON FOR THIS TRANSMITTAL

- State Law Change
- Federal Law or Regulation Change
- Court Order
- Clarification Requested by One or More Counties
- Initiated by CDSS

SUBJECT: NEW CHILD WELFARE WAIVER DEMONSTRATION PROJECT

The purpose of this All County Information Notice (ACIN) is to provide an overview of the Title IV-E Child Welfare Waiver Demonstration Capped Allocation Project (CAP) proposal previously referred to as the New Title IV-E Waiver Demonstration Project. The proposal was sent to the Department of Health and Human Services (DHHS) for consideration. It is important to emphasize at this time that DHHS has not approved any part of the proposal and additional detailed information must be submitted in order to obtain approval by the federal Office of Management of the Budget (OMB). The California Department of Social Services (CDSS), in conjunction with the County Welfare Directors Association (CWDA) will be working with the counties to obtain this information.

BACKGROUND

Section 1130 of the Social Security Act authorizes DHHS to approve up to ten states per year to conduct demonstration projects involving the waiver of certain requirements of Title IV-E. These projects are intended to test new approaches to the delivery and financing of child welfare services by providing states with greater flexibility to use Title IV-E foster care funds to facilitate improved safety, permanency, and well-being for children. The proposal, submitted on May 25, 2004, to DHHS was based on a "capped allocation" strategy. The DHHS has requested details on the methodology for the proposed "capped allocation" strategy; therefore CDSS and CWDA will be meeting with the counties to finalize the details of the methodology.

PROPOSAL OVERVIEW

The proposal is similar to the Child Welfare Option for foster care funding, proposed in the President's Fiscal Year 2004 budget, in that both utilize a "capped allocation" strategy that allows flexible use of foster care funds for children at risk of abuse and neglect. The goal of this new funding strategy is to support practices, program, and system improvements that may result in better outcomes, in part by reducing reliance on out of home placement, reducing the numbers of children placed in out of home care, and shortening the time to reunification with their families. Any foster care savings that occur as of a result of these practices will be used to support counties' efforts to develop a broader and more responsive array of services that will contribute to better outcomes for children and their families.

An annual “capped allocation” for the federal Title IV-E and state general fund may be established based on a statewide allocation methodology model. This model will be based on each participating county’s average yearly costs over a specific period of time. The “capped allocation” would include maintenance costs and most likely exclude some Title IV-E costs such as:

- training
- adoption administration and assistance payments
- non-recurring adoption cost reimbursements
- licensing
- SACWIS

In addition, further discussions are needed to determine whether administration and probation costs would be included or excluded.

KEY PROVISIONS

The proposal calls for use of Title IV-E funds via a “capped allocation” methodology to provide direct services to children and families without regard to their federal eligibility or placement in out-of-home care. As such, participating counties will not be testing discrete interventions but rather family service strategies that are:

- based on evidence-informed and/or promising practices
- cost effective
- tailored to the individual child and family needs
- reducing the reliance on out-of-home care

These strategies should create the efficiencies necessary to create foster care savings, which will fund services and supports not currently available or fundable with Title IV-E funds.

Goals and Outcomes

The goals of this proposal are the same goals articulated in our Program Improvement Plan (PIP) and the California Child and Family Service Review System (C-CFSR) process. Thus, the primary goals are to:

- increase child safety without an over reliance on out-of-home care,
- improve permanency outcomes and timelines,
- improve child and family well-being; and
- improve the array of services for children and families and engage families through a more individualized approach that emphasizes family involvement.

Project Period and Termination

The project will operate for a period of five fiscal years. The state and individual counties have the right to terminate the terms and conditions during the project period if federal or state statutes or regulations are enacted that would have an effect on the design and impact of this project. Under these circumstances, DHHS and the state would reassess the overall project and attempt to develop a mutually agreed upon strategy for dealing with the project in the context of such changes. If such a mutually agreed upon strategy cannot be developed, the state reserves the right at its sole discretion to withdraw from the CAP. Furthermore, the state and each participating county reserve the right to opt out at any time from the CAP. Should it terminate before its end date, the participating counties will reconcile with the state any costs due to the state and federal governments at that time. Before the CAP starts, the state and counties will work with the federal government to establish a Title IV-E penetration rate for each county. That rate will be used to reconcile any federal costs due to the federal government if the state or an individual county chooses to opt out, or the federal government ends the CAP early, or at the end of the period.

County Participation

A total of 20 counties will be able to develop specific strategies and target distinct populations within their “capped allocation”. Current waiver counties will participate unless they specifically desire to opt out of the CAP. If a current waiver county chooses not to participate in the CAP, but expresses a desire to continue to implement Wraparound, it is our intention to have the terms and conditions permit this to occur.

Evaluation Questions

- Is the use of capped flexible Title IV-E funds associated with a reduction in foster care cost and a broader array of services provided to children and families?
- Is there an impact to child and family outcomes associated with the broader array of services provideds

Evaluation Plan

The state has proposed an evaluation consisting of two components: a process study and an outcome study. The evaluation components in each participating county will be described in detail in memoranda of understanding between CDSS and the counties. An independent evaluator with experience and familiarity with these programs will participate.

Budget Neutral

California proposes to use a “capped allocation” model to fund the project. The capped allocation strategy will help ensure that California is budget neutral over the five-year project timeline.

- An annual “capped allocation” of federal Title IV-E and state general funds may be established using the approved statewide methodology for each participating county.
- The county will be required to provide the balance of the funding to fully pay for all Child Welfare Services and Foster Care costs that exceed the federal and state capped funds.
- The capped allocation will propose to factor in a projected foster care expenditure growth rate.
- Using each county’s base year data, the state will establish annual maximum grant amounts over a five year period.
- To the extent that state initiated reforms are implemented and result in state general fund savings in foster care assistance costs, the state will need to examine each proposed reform and determine if an adjustment to the fixed allocation is appropriate.
- Counties choosing to participate will operate under a fixed “capped allocation” for federal and state shares of those program costs included in the CAP’s proposal. All other non-waiver costs in participating counties and all costs in non-participating counties will remain under current sharing ratios and funding processes.
- All participating counties must have the same costs included in the capped allocation methodology.
- All participating counties must agree to hold both the federal government and the state harmless for any costs exceeding the federal and state shares of the agreed upon capped allocation. The required memorandum of understanding between the state and each county will include language that holds the State harmless for any costs claimed that exceed the capped allocation.

ROSALES v. THOMPSON

The CDSS has not yet assessed the impact of the Rosales case on the proposal. The CDSS recognizes that the main issue will be the increased number of cases potentially eligible for Title IV-E that have not been reflected in the Title IV-E claims for the base period. If this turns out to be a significant impact, it will be addressed in the negotiations with DHHS.

IMPACT ON STATE BUDGET

If the CAP is approved the appropriate budget documents would be processed to receive any increased Title IV-E funds for pass-through to the county. The increased match requirement for the increased federal funds will have a direct impact on county budgets.

NEXT STEPS

The proposal is for the state as a whole and if it is approved the state must still negotiate the terms and conditions for operating the CAP with the federal government. Federal terms and conditions will have a direct effect on state and county funding for participating counties. They will also have a direct impact on the terms and conditions to be included in the state and county Memorandum of Understanding.

The CWDA has indicated that the Executive Committee will take the lead in working with the State on the terms and conditions and will include interested counties in these discussions. This process is soon to begin and will guide the future consideration of the CAP in the state budget.

As previously referenced, further negotiations with DHHS are contingent upon a finalized statewide "capped allocation" methodology. The CDSS is currently in the process of working with CWDA to set up a meeting to discuss strategies for the "capped allocation" methodology.

If you have any questions regarding this notice, please contact Greg Rose, Chief, Resources Development and Training Support Bureau at (916) 651-6160 or Linne Stout, Manager at (916) 657-4377.

Sincerely,

SUSAN NISENBAUM, Chief
Child Protection and Family Support Branch

Attachment

c: County Welfare Directors Association