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## Child Welfare Waiver Demonstrations

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# Child Welfare Waiver Demonstrations

## Summary

The federal government assists the states in providing child welfare services through a wide array of programs and funding streams. The majority of federal funding dedicated to child welfare programs is granted to states through Titles IV-E and IV-B of the Social Security Act, which govern child welfare services such as foster care, adoption assistance, independent living, and family preservation and support. In FY2003, approximately \$7.3 billion is available to states through Titles IV-B and IV-E. In order to be eligible to receive these funds, states must comply with numerous federal rules which may limit how the states implement their child welfare programs.

To allow states additional flexibility in how they may use their Title IV-B and IV-E funds, the 103<sup>rd</sup> Congress included a provision in the Social Security Act Amendments of 1994 (P.L. 103-432) to establish child welfare demonstration projects (commonly called waivers). Through this provision, states were able to apply to the U.S. Department of Health and Human Services (HHS) to waive certain provisions of Titles IV-B and IV-E to develop and implement innovative programs that test new methods of serving children and families. Congress stipulated that certain child protection provisions may not be waived. This waiver authority was amended in 1997 through the Adoption and Safe Families Act (P.L. 105-89). At the end of FY2002, the authority for establishing new waiver projects expired. Legislation to reauthorize and amend the waiver program passed the House in February (H.R. 4), and legislation introduced in the Senate (S. 5) would do the same.

Waiver projects must be cost neutral to the federal government; may be conducted for no longer than 5 years (though HHS may grant an extension of up to 5 years); and must include an evaluation comparing the existing state program to the waiver project. As of May 2003, 26 projects were being implemented or had been completed in 17 states through 20 waiver agreements. Extensions had been requested for ten projects in seven states. Thus far, waivers have been conducted in eight categories: assisted guardianship/kinship permanence; managed care payment systems; capped Title IV-E allocations and flexibility to local agencies; services to substance-abusing caretakers; intensive service options, adoption services; Tribal administration of Title IV-E funds; and enhanced training for child welfare staff. Summaries of the 26 child welfare waiver demonstrations are included in this report.

This report will be updated to follow any legislative action in Congress and to provide further information on the progress of the state waiver projects.

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# Child Welfare Waiver Demonstrations

## Introduction

The federal government assists the states in providing child welfare services through a wide array of programs and funding streams. The majority of federal funding dedicated to child welfare programs is granted to states through Titles IV-E and IV-B of the Social Security Act, which govern child welfare services such as foster care, adoption assistance, independent living, and family preservation and support.<sup>1</sup> In FY2003, approximately \$7.3 billion is be available to states through Titles IV-B and IV-E. In order to be eligible to receive these funds, states must comply with numerous federal rules which may limit how the states implement their child welfare programs. A frequent criticism of federal child welfare policy is its inflexibility regarding the use of funds by states.<sup>2</sup>

In order to provide states with additional flexibility in their use of Titles IV-B and IV-E funds, the 103<sup>rd</sup> Congress included a provision in the Social Security Act Amendments of 1994 (P.L. 103-432) allowing the Secretary of the U.S. Department of Health and Human Services (HHS) to grant waivers to states to design innovative child welfare programs using funds from Titles IV-E and IV-B. The original legislation was amended by the 105<sup>th</sup> Congress in the Adoption and Safe Families Act of 1997 (P.L. 105-89).<sup>3</sup> A number of states have been granted waivers and have used these funds to establish an assortment of waiver projects, ranging from managed care programs to substance abuse services for parents.

This report provides background information on the child welfare waivers and a description of the progress states have made on these demonstration projects.

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<sup>1</sup> Title IV-B consists of two subparts. Subpart 1 is the Child Welfare Services Program, which is a discretionary program that provides grants to states for services that protect the welfare of children. Subpart 2 is the Promoting Safe and Stable Families Program, which provides mandatory and discretionary funds to states for family preservation, family support, time-limited reunification, and adoption promotion and support. Title IV-E provides funding for the foster care, adoption assistance, independent living, and related data systems. For additional program information, see Section 11 of the House Ways and Means Committee Green Book, WMCP: 106-14, October 6, 2000; available through the House Ways and Means Committee Web site: [<http://waysandmeans.house.gov/documents.asp>].

<sup>2</sup> See CRS Report RL31082, *Child Welfare Financing: Issues and Options*, by Karen Spar and Christine Devere.

<sup>3</sup> See CRS Report RL30759, *Child Welfare: Implementation of the Adoption and Safe Families Act*, by Karen Spar.

## Legislative History

Prior to 1994, numerous bills had been introduced to establish child welfare waiver demonstrations but had not been passed by the Congress. Child welfare officials who desired additional flexibility had long advocated for waiver authority in child welfare, such as had been available in other programs, including Medicaid and Aid to Families with Dependent Children (AFDC).<sup>4</sup> Advocates of waivers hoped that states would then be able to use Title IV-E funds for prevention and family preservation services. Title IV-E funds currently defray state costs that are primarily related to the out-of-home care of children and constitute by far the largest percentage of the total federal funds dedicated to child welfare.

The Social Security Act Amendments of 1994 included a proposal to establish child welfare waiver demonstrations and were enacted on October 31, 1994 as P.L. 103-432. Authority for the waiver demonstrations is found in Section 1130 of the Social Security Act. The 105<sup>th</sup> Congress extended and enacted other changes to the child welfare waiver authority through the Adoption and Safe Families Act (ASFA) of 1997 (P.L. 105-89). The authority to approve new child welfare waiver demonstrations expired at the end of FY2002 and has not yet been reauthorized.

## Details of the Waiver Authorization

**Principles and Objectives.** The Secretary of HHS was authorized to permit states to conduct child welfare demonstration projects that promote the objectives of Titles IV-B and IV-E and which may require the waiver of certain provisions of those laws. Titles IV-B and IV-E are the sections of the Social Security Act that govern child welfare services such as foster care, adoption assistance, independent living, and family preservation and support. States conducting waiver demonstrations are still bound to the key principles of protecting and promoting the safety, permanency, and well-being of children. Through these demonstration projects, the federal government seeks to test new approaches to child welfare that will help lead to improvements in the delivery, effectiveness and efficiency of services.<sup>5</sup>

**Provisions Excluded from Waiver Authority.** Certain provisions of Titles IV-B and IV-E may not be waived for the purposes of these demonstrations. The legislation sought to assure the safety of children, protect the rights of children and their families, and ensure permanency for children, and, therefore, excluded from waiver are: all protections regarding the periodic reviews of the status and progress of foster care cases; permanency hearing requirements; requirements that certain information be contained in a child's case plan; child protections, such as placement setting guidelines; family protections, such as procedural safeguards to ensure that

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<sup>4</sup> *Child Welfare Waivers: Promising Directions - Missed Opportunities*, The Cornerstone Consulting Group, Houston, TX, 1999, [<http://www.aphsa.org/cornerstone/cwwtoc.asp>].

<sup>5</sup> *Federal Register*, June 15, 1995, p. 31478-31483.

parental rights are respected; the requirements of collecting data on foster care and adoption cases; and the entitlement of any child or family to benefits.<sup>6</sup>

**Duration of Waiver Demonstrations.** Under the ASFA amendments, the Secretary of HHS was permitted to grant waivers for up to 10 demonstration projects in each of FY1998 through FY2002, for a potential total of 50 demonstration projects over the course of the 5-year authorization. All states, the District of Columbia, and Puerto Rico were eligible to receive waivers. Under the original authorization of the waiver demonstrations, P.L. 103-432, the Secretary had only been permitted to grant waivers to a total of up to 10 *states*. The distinction between “demonstration project” and “state” is important because each state may implement more than one demonstration project. Each project may be conducted for up to 5 years (not including time for start-up and final evaluation preparation), and, as allowed by the changes made by ASFA, the Secretary of HHS may grant extensions for the demonstration projects.

**Cost Neutrality.** As mandated by P.L. 103-432, the waiver demonstrations must be cost neutral to the federal government. Therefore, the approved allocation over the course of a demonstration project must not exceed the amount that would have been expended by the federal government if the demonstration project were not conducted. To achieve cost neutrality, the costs of the control group, which consists of children being served by the existing state programs, are used as the basis for determining the costs of the experimental group. Generally, the same average cost-per-child is applied to the experimental group. Allocation and cost neutrality formulas may differ among the projects and are dependent on the details of the project. In addition, how the federal government funds the project depends on which provision of the statute is waived in order to implement the project. If a Title IV-E provision is waived, then the federal funds are drawn from Title IV-E. Currently, all of the waiver requests have been for Title IV-E provisions, and, therefore, all of the federal funding for the demonstrations are from the Title IV-E funding stream.

States are responsible for paying for demonstration project costs beyond the agreed upon federal allocation. States may be able to receive “up-front” funding in order to make initial investments in their projects. If, after implementation, it appears that cost neutrality cannot be maintained throughout the duration of the project, HHS will work with the state to modify the project or take other actions as necessary to achieve cost neutrality. (See Appendix B for a state-by-state list of project expenditures for each of FY2000 through FY2002; expenditure data prior to FY2000 are not available.)

**Evaluations.** Each state that conducts a waiver demonstration must obtain a project evaluation from an independent contractor. This evaluation must, at a minimum, make comparisons between the demonstration project (the experimental group) and existing state plans (the control group) regarding the outcomes of children and families, the service delivery methods, and the fiscal consequences. It must also assess the cost effectiveness of the project. States must provide interim and final

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<sup>6</sup> For more information on some of the provisions mentioned, see CRS Report RL30759, *Child Welfare: Implementation of the Adoption and Safe Families Act*, by Karen Spar.

evaluation reports to HHS. The cost of this evaluation is excluded from the project's cost neutrality calculations.

**Applying for a Waiver.** States must submit an application to HHS that includes, among other items, a description of the project, the expected benefits, an estimate of costs or savings, a list of the Title IV-B and IV-E program requirements for which a waiver would be required to conduct the proposed project, and a description of the proposed evaluation design. Both the state and federal governments are required to obtain public comments on the proposals. If necessary, HHS and the applying state will negotiate the terms and conditions of the waiver demonstration. The Secretary of HHS makes the final decision on the approval of waiver projects.

During the review process for the waiver applications, HHS gave preference to proposals that met certain criteria or addressed certain issues. HHS initially provided guidance in the *Federal Register* regarding the Social Security Act Amendments of 1994 that it would grant waivers "to test the same or related policy innovations in multiple states." However, later policy guidance on the ASFA amendments gave preference to states that proposed unique policy alternatives and also to states that were not already operating a demonstration project. The Adoption and Safe Families Act also included a requirement that certain types of proposals must be considered, if submitted. These are proposals that: identify and address barriers that result in delays to adoptive placements for children in foster care; identify and address parental substance abuse problems that endanger children and result in foster care placements; and address kinship care. Additionally, HHS provided guidance that it would give priority to proposals that addressed certain departmental priorities. For FY2000 and FY2001 proposals, HHS listed the following interest areas: performance-based systems; integrated systems for behavioral health (substance abuse and mental health); effective prevention/early intervention; adoption/post-adoption services; service improvements for children in the placement and care responsibility of Tribes; service improvements for adolescent youth; and reunification services for adolescent youth.<sup>7</sup>

**Other Provisions.** Several additional amendments were made to the waiver authorization under ASFA. A section was inserted into the legislation that prohibits HHS from granting a waiver to any state that does not provide health insurance coverage to *any* special needs child living in the state whose adoptive parents have entered into an adoption assistance agreement with *any other* state. HHS reported that it had received certification from all states that they provide such coverage. Additionally, HHS is required to consider the effect that approving a state proposal would have on the terms and conditions of a court order determining that the state's child welfare program has failed to comply with provisions of Titles IV-B or IV-E, or with the Constitution of the United States.

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<sup>7</sup> HHS Information Memorandum, ACYF-CB-IM-2000-01, issued Feb. 4, 2000, [<http://www.acf.hhs.gov/programs/cb/laws/im/im0001.htm>].

## Current Legislation

The authority for the child welfare waiver demonstrations expired at the end of FY2002. In the 107<sup>th</sup> Congress, reauthorization of the waiver authority, along with several changes to the program, were included in bills to reauthorize the Temporary Assistance to Needy Families (TANF) program (H.R. 4737). That legislation passed the House but did not clear the Senate before adjournment of the 107<sup>th</sup> Congress.

In the 108<sup>th</sup> Congress, the House has again passed legislation (as part of H.R. 4, its TANF reauthorization bill) that would extend the authority of HHS to approve child welfare demonstration projects. H.R. 4 would reauthorize the waiver program through FY2008; allow HHS to approve an unlimited number of projects in each fiscal year; prohibit HHS from refusing to grant a waiver to a state because of the project's similarity to another or from imposing limits on the number of waivers or demonstration projects undertaken by a single state; direct HHS to develop a streamlined process for consideration of extensions and amendments of demonstration projects; and require HHS to make available to any other interested party any demonstration project evaluation report provided to, or produced by, HHS.

## State Demonstration Projects

As of May 2003, 26 child welfare demonstration projects were being implemented or had been completed in 17 states through 20 Title IV-E waiver agreements. As stated before, all of the waiver requests have been for Title IV-E provisions.

**Types of Waivers.** States have broad discretion as to which types of waiver projects they can propose and implement. The following is a list of the types of projects that states have undertaken:

- **Assisted Guardianship/Kinship Permanence:** Relatives or other caregivers may become legal guardians and be eligible for a monthly stipend up to the amount of a foster care payment.
- **Managed Care Payment Systems:** States test alternative financing mechanisms for the provision of specific services.
- **Capped Title IV-E Allocations and Flexibility to Local Agencies:** Counties or other local entities have the option to use a fixed amount of Title IV-E funds more flexibly to provide services that may otherwise not be eligible for Title IV-E federal matching, such as prevention and preservation services.
- **Services to Substance-abusing Caretakers:** States provide services to assist caretakers with substance abuse problems.
- **Intensive Service Options:** States increase the nature and extent of available services in an effort to better serve children and families.

- **Adoption Services:** States test ways of improving permanency by providing post-adoption services.
- **Tribal Administration of Title IV-E Funds:** States work with Tribes to develop the administrative and financial systems necessary for the Tribes to administer their Title IV-E foster care programs and claim federal reimbursement directly.
- **Enhanced Training for Child Welfare Staff:** In order to improve permanency outcomes, child welfare professionals, both in the public and private sector, receive enhanced training on assessment and decision-making.<sup>8</sup>

States may opt to propose a project that does not fall into one of the above categories. (For a list of state projects, see **Table 1**.)

**Table 1. State Waiver Projects Completed or Implemented, by Type**

Type of project	States
Assisted guardianship/kinship permanence	Delaware, Illinois, Maryland, Montana, New Mexico, <sup>a</sup> North Carolina, Oregon
Managed care payment systems	Colorado, Connecticut, Maryland, Michigan, Washington
Capped IV-E allocations and flexibility to local agencies	Indiana, North Carolina, Ohio, Oregon
Services to substance-abusing caretakers	Delaware, Illinois, Maryland, New Hampshire
Intensive service options	California, Mississippi
Adoption services	Maine
Tribal administration of Title IV-E funds	New Mexico
Enhanced training for child welfare staff	Illinois

**Source:** Table prepared by the Congressional Research Service (CRS) based on information provided by James Bell Associates.

a. New Mexico has two Assisted Guardianship waiver projects (a state project and a Tribal project).

**State Progress on Waiver Projects.** States are at various stages in implementing their waiver projects. Of the 26 waiver projects, seven have been completed. The completed projects include both of Delaware's projects, Connecticut's project, Illinois' assisted guardianship/kinship permanence project, Maryland's managed care project, and both of North Carolina's projects. The last project to be implemented was Illinois' enhanced training project, which was

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<sup>8</sup> *Summary of IV-E Child Welfare Waiver Demonstrations*, James Bell Associates, Inc., Arlington, VA, Feb. 2003.

approved on August 2, 2001 and began on August 19, 2002. (For summaries of state projects, see **Appendix Table A-1.**)

According to HHS, in addition to the 26 waiver projects that are currently being implemented or have been completed, six others proposals were accepted by HHS but were eventually withdrawn by the states before implementation. These states include California (which is currently implementing another project), Florida, New York, Texas, West Virginia, and the District of Columbia. According to HHS, these projects were never implemented for reasons including project cost issues, changes in state resources or leadership, and other administrative problems.

**Extensions for Waiver Projects.** As previously stated, the Secretary of HHS has the authority to grant extensions for waiver demonstrations, and although the authority to approve new waiver projects has expired, he may still grant extensions to projects that were approved before the end of FY2002. On May 23, 2002, HHS issued an information memorandum outlining the criteria and process for obtaining an extension.<sup>9</sup> To begin the application process, states must, no later than 6 months before the termination date of the demonstration project, submit a letter requesting an extension. After receipt and review of the request letter, HHS will grant to the state a temporary, short-term extension that is 4 months after the due date of the final evaluation report. This “bridge” extension allows HHS time to review the final evaluation and financial reports before granting the actual extension.

HHS will make its final decision within 4 months of receiving the final evaluation report. Decisions will be based on the successes the project has achieved in improving outcomes for children and families, but a state does not need to fulfill all of its goals and objectives to obtain an extension. If a state can document the factors that led to a project’s shortcomings and propose a detailed strategy to reach its goals in the future, the state may still be able to obtain an extension. If a waiver extension is approved, the original terms and conditions of the project may be amended to reflect any agreed upon changes. As with the original waivers, extensions may be granted for up to 5 years. If an extension is not granted, the state will be required to phase out the project. Thus far, the following seven states have made formal extension requests and received automatic, short-term extensions: California, Delaware, Illinois (for its assisted guardianship project), Indiana, North Carolina, Ohio, and Oregon. Delaware was not granted an extension by HHS; decisions on the other projects are forthcoming. Connecticut and Maryland both discontinued projects early. Connecticut did so in order to implement the project statewide (using non-Title IV-E dollars) and Maryland due to budget constraints.

**Outcomes of Projects.** Most of the available data on the waiver projects are preliminary. (Project summaries with preliminary or outcome data descriptions can be found in Appendix A.) Some projects are encountering data analysis problems, such as small sample sizes. As additional final evaluation reports are completed, more comprehensive analyses of outcomes will be possible. Of particular interest to Congress when making policy decisions regarding child welfare financing options may be the results of the managed care and capped Title IV-E allocations projects.

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<sup>9</sup> See HHS information memorandum, ACYF-CB-IM-02-06, issued May 23, 2002, available at: [<http://www.acf.hhs.gov/programs/cb/laws/im/im0206.htm>].

## Appendix A: Summary of State Waiver Demonstrations

### Table A-1. Summary of State Waiver Demonstrations

<b>California</b>	
Type: Intensive Services Implemented: December 1, 1998 Interim Report: May 30, 2001	Approved: August 19, 1997 Completed: Expected September 30, 2003 Final Report: Expected March 31, 2004
<p>Summary: Seven counties are providing intensive services, including family preservation, placement prevention, and permanency, to children and families in order to prevent or shorten foster care placements. Eligible families are those with children in temporary or permanent placement and children living at home who are at moderate- to high-risk for placement. As of September 2002, 560 children had been placed in the experimental group, and 304 children had been placed in the control group. Two counties are using a family conferencing model, and five are using a wraparound services model. No outcome findings are currently available.</p>	
<b>Colorado</b>	
Type: Managed Care Implemented: October 26, 2001 Interim Report: Expected March 31, 2004	Approved: September 14, 1999 Completed: Expected September 30, 2006 Final Report: Expected March 31, 2007
<p>Summary: The one county participating in this project (others are permitted to join) negotiated a payment rate with a child welfare service provider to deliver needed services, such as case coordination and residential services. The target population is children ages 10 and older who are at high risk or already experiencing “placement drift,” and/or are at significant risk of aging out of the foster care system. As of September 30, 2002, 86 children had been assigned to the demonstration project — 44 in the experimental group and 42 in the control group. No outcome findings are currently available.</p>	
<b>Connecticut</b>	
Type: Managed Care Implemented: July 9, 1999 Interim Report: June 2002	Approved: September 29, 1998 Completed: May 31, 2002 <sup>a</sup> Final Report: Expected June 2003
<p>Summary: The state contracted with a lead service agency to provide services, such as case management, group care, home-based services, outpatient services, and aftercare, for youth aged 7 to 15 with significant behavioral problems and who were already in or authorized to be placed in residential care or a group home. This project was implemented in two of the state’s six regions and served 159 children — 77 in the experimental group and 82 in the control group. Connecticut discontinued this waiver project early and opted to implement it statewide; the state no longer requests Title IV-E funds for activities for which it had previously required a Title IV-E waiver. Preliminary findings indicate that experimental group children receive significantly more services in a number of areas. No significant differences were found between the experimental and control groups for the percentage of children that experienced changes in custody, percentages of time during the first 12 months spent in residential treatment centers and group homes, and mental health status. Further analysis of this project is expected.</p>	

<b>Delaware</b>	
Type: Substance Abuse Services Implemented: July 1, 1996 Interim Report: June 30, 1999	Approved: June 17, 1996 Completed: December 31, 2002 <sup>b</sup> Final Report: March 27, 2002
<p>Summary: Substance abuse counselors worked with child protective services (CPS) staff to identify eligible families and arrange for services. The target population was families throughout the state with children who were in or were likely to enter foster care due to parental substance abuse. As of February 2002, the control and experimental groups were each comprised of 530 families. Outcome findings indicate a 31% reduction of days in foster care for experimental group children (204 days compared to 294 days in the control group). No statistically significant differences were found in length of time to achieve permanency or the percentage of cases closed due to case plan completion. Delaware requested an extension for this project. The state received the automatic short-term extension to December 31, 2002, but HHS denied the actual extension.</p>	
Type: Assisted Guardianship Implemented: July 1, 1996 Interim Report: June 30, 1999	Approved: June 17, 1996 Completed: December 31, 2002 <sup>b</sup> Final Report: March 27, 2002
<p>Summary: Assisted guardianship was offered for Title IV-E eligible children who had been living in a foster placement for at least 1 year and had a strong attachment to the potential guardian. The state provided guardians with a payment equal to its foster care payment. This project was implemented statewide. As of September 2001, 36 families were approved for guardianship and 18 were pending approval. Outcome findings for this project were limited; the state received a minimal response to mail surveys and interview requests. Delaware requested an extension for this project. The state received the automatic short-term extension to December 31, 2002, but HHS denied the actual extension.</p>	
<b>Illinois</b>	
Type: Assisted Guardianship Implemented: May 1, 1997 Interim Report: February 2000	Approved: September 18, 1996 Completed: March 31, 2003 <sup>b</sup> Final Report: February 2003
<p>Summary: The state offered guardians throughout the state a subsidy payment equal to that of an adoption assistance payment along with a variety of services. Eligible children must have been in the custody of the state and have resided with the prospective guardian for at least 1 year. Between May 1, 1997 and March 31, 2002, local courts transferred 6,822 children from state custody to private guardianship. (The courts also reunified 3,877 children and finalized adoptions for 14,468 children.) Children assigned to the guardianship-eligible group were significantly more likely than children in the control group to achieve permanency (77.9% v. 71.8%). The withdrawal of regular administrative oversight and casework services for the experimental group did not result in higher rates of child abuse and neglect reports. Illinois requested an extension from HHS and is now operating under a short-term extension; the final decision is forthcoming.</p>	

Type: Substance Abuse Services Implemented: April 28, 2000 Interim Report: Expected February 28, 2003	Approved: September 19, 1999 Completed: Expected June 30, 2005 Final Report: Expected December 31, 2005
<p>Summary: Parents are assigned a Recovery Coach, who assists the family during and after treatment to prevent relapse and facilitate reunification, along with typical child welfare and substance abuse treatment services. This project is being implemented in one county. The target population is custodial parents with a substance abuse problem and may include custodial parents who deliver drug-exposed infants. As of September 2002, 528 parents were in the experimental group, and 211 were in the control group. No outcome findings are yet available.</p>	
Type: Enhanced Training Implemented: August 19, 2002 Interim Report: Expected February 28, 2005	Approved: August 2, 2001 Completed: Expected July 31, 2007 Final Report: Expected February 28, 2008
<p>Summary: The state will provide enhanced training to newly hired public and private sector child welfare professionals in order to enhance staff competency in assessing child and family needs, providing appropriate services, and decision-making. This project is being implemented in eight counties in and around Chicago. No outcome findings are currently available.</p>	
<b>Indiana</b>	
Type: Capped IV-E Implemented: January 1, 1998 Interim Report: February 22, 2001	Approved: July 18, 1997 Completed: Expected August 31, 2003 <sup>b</sup> Final Report: Expected September 30, 2003
<p>Summary: The state allows the counties to use up to \$9,000 annually per child (additional costs are borne by the county) to provide intensive services to children in order to improve child well-being and develop home- or community-based alternatives to institutional placements. The target population is children who are at risk of placement or have already been placed and who have substantiated reports of child abuse and/or neglect. As of December 31, 2001, 3,916 children (1,820 Title IV-E eligible and 2,096 non-IV-E eligible) had been assigned to the project. From data available from December 2001, children in the experimental group remained in care for a significantly shorter period when compared to the control group (366 days v. 491 days). Also, reunifications were more likely among the experimental group (66%) than the control group (59%), and placement recidivism was less likely in the experimental group (15% had at least one new out-of-home placement) as compared to the control group (20%). Indiana has requested an extension for this project. HHS has granted the state the short-term extension, but has not made a final decision on the actual extension.</p>	

<b>Maine</b>	
Type: Adoption Services Implemented: April 1, 1999 Interim Report: December 31, 2001	Approved: September 17, 1998 Completed: Expected March 31, 2004 Final Report: Expected December 31, 2004
<p>Summary: This project consists of two parts: (1) training for public and private sector professionals about special needs adoptions and (2) the provision of an array of post-adoption services to families who adopt children with special needs. This project is being implemented statewide. As of December 2002, 222 professionals had been trained, and 115 families and 196 children were receiving services. Outcome findings are not yet available.</p>	
<b>Maryland</b>	
Type: Assisted Guardianship Implemented: March 1, 1998 Interim Report: December 13, 2000	Approved: April 17, 1997 Completed: Expected December 31, 2003 <sup>b</sup> Final Report: Expected August 30, 2003
<p>Summary: The state offers assisted guardianship for children who have been living with a relative or kinship caregiver for a minimum of 6 months. The caregiver would then become a legal guardian of the child and receive \$300 per month, an amount between the foster care subsidy (\$600) and the TANF child-only payment for kinship caregivers (\$211). This project is being implemented in Baltimore City and six counties. As of November 1999, 1,021 children were in the experimental group, and 737 children were in the control group. As of November 2002, 267 guardianships had been completed. Outcome findings revealed statistically significant differences between the control and experimental groups regarding case closure. As of January 2000, 29% of children in the experimental group had exited care, as compared to 23% of children in the control group. Maryland has requested an extension for this project. The state received a short-term extension, but the actual extension is still pending HHS approval.</p>	
Type: Managed Care Implemented: January 1, 2000 Interim Report: October 31, 2002	Approved: September 16, 1999 Completed: December 31, 2002 <sup>c</sup> Final Report: Expected June 2005
<p>Summary: The state contracted with one child placement agency to provide case management, placement, permanency planning, and support services to all referred children. The agency received a fixed sum to provide services and was responsible for costs above the fixed sum. A second agency withdrew from the project prior to signing an agreement with the state. Due to state budget constraints, Maryland opted to end this project early and transitioned the experimental group children back to the public child welfare system. Five hundred children had been in the experimental group, and 250 were in the control group. As of November 2000, exit rates were not significantly different for the two groups, but the experimental group had a higher rate of adoptions than the control group.</p>	

Type: Substance Abuse Services Implemented: October 1, 2001 Interim Report: Expected March 31, 2004	Approved: September 16, 1999 Completed: Expected December 31, 2004 <sup>d</sup> Final Report: Expected June 30, 2005
<p>Summary: Female primary caregivers with a child in foster care or at risk of having a child placed in foster care receive a variety of services from Family Support Services Teams (FSST), which are comprised of Chemical Addiction Counselors, local child welfare agency staff, treatment providers, parent aides, and mentors. After referral and assessment, the caregivers are assigned to one of three treatment options: inpatient treatment for parents and children, 28-day residential care, or intensive outpatient treatment. The project is being implemented in Baltimore City and two counties. As of September 2002, the experimental and control groups each had nine women. No outcome findings are currently available.</p>	
<b>Michigan</b>	
Type: Managed Care Implemented: October 1, 1999 Interim Report: May 31, 2003	Approved: December 19, 1997 Completed: Expected September 30, 2003 Final Report: Expected June 30, 2004
<p>Summary: The state has contracted with providers in six counties to provide comprehensive services to children (ages 0 to 18) who meet any of the following criteria: previously in out-of-home-care; currently in out-of-home care and case suitable for reunification; at risk of placement; or in residential care but could be returned to community. Before October 2001, providers received a monthly payment of \$1,500 per child, but now receive a single case rate per child (\$14,272) regardless of length of the case. As of January 2002, 149 children had been assigned to the experimental group and 94 to the control group. No statistically significant differences have been found between the groups regarding number of placements, re-entry into care, or safety outcomes.</p>	
<b>Mississippi</b>	
Type: Intensive Services Implemented: April 1, 2001 Interim Report: Expected March 31, 2004	Approved: September 17, 1998 Completed: Expected March 31, 2006 Final Report: Expected December 31, 2006
<p>Summary: The state provides intensive services, both currently existing and newly developed, to children involved in the child welfare system as well as their parents, potential and current foster or adoptive parents, custodial relatives, and siblings. Provided services may include: respite care, temporary financial or in-kind assistance, job training, medical care, transportation, educational services, child care, counseling, support services for foster parents, parenting training, and homemaker services. Eight counties have participated in the project. As of September 30, 2002, 77 children were served in the experimental group, and 72 were served in the control group. No outcome findings are currently available.</p>	

<b>Montana</b>	
Type: Assisted Guardianship Implemented: June 21, 2001 Interim Report: Expected June 30, 2004	Approved: September 29, 1998 Completed: Expected March 31, 2006 Final Report: Expected March 31, 2007
<p>Summary: Caretakers can become legal guardians of foster children who have been in their care for at least 6 months and have been designated as having special needs. The monthly subsidy amount can not exceed the amount of a foster care subsidy. This project may be implemented statewide and in as many as seven reservations (four Tribes were participating as of September 2002). As of July 2002, guardianships had been established for 17 of the 69 children in the experimental group. No outcome findings are yet available.</p>	
<b>New Hampshire</b>	
Type: Substance Abuse Services Implemented: November 15, 1999 Interim Report: Expected July 31, 2002	Approved: September 24, 1998 Completed: Expected December 31, 2004 Final Report: Expected July 31, 2005
<p>Summary: Substance abuse specialists work with child welfare staff to provide screening, assessment, referrals and services for substance abuse issues. Families are eligible for this project if caretaker substance abuse was a major factor in their child abuse and/or neglect case. This project is being implemented in two district offices. As of May 2002, 449 families were participating in the project — 227 in the experimental group and 222 in the control group. As of January 2003, only preliminary results were available; none of these results were statistically significant.</p>	
<b>New Mexico</b>	
Type: Tribal Administration Implemented: July 1, 2000 Interim Report: Expected February 2003	Approved: June 14, 1999 Completed: Expected June 30, 2005 Final Report: Expected December 31, 2005
<p>Summary: Up to five eligible Tribes may enter into an agreement with the state to be allowed to administer their own Title IV-E programs, including foster care, adoption assistance, independent living, and staff and parent training. Tribes are eligible to participate in this project if they do not already have a Joint Powers Agreement with the state. As of March 2002, only the Pueblo of Zuni opted to participate in the experimental group; seven other Tribes and Pueblos with Joint Powers Agreements are in the control group. As of December 2002, there were 14 children in the experimental group and 25 in the control group. Outcome data on this project are limited.</p>	
Type: Tribal Assisted Guardianship Implemented: July 1, 2000 Interim Report: Expected February 2003	Approved: June 14, 1999 Completed: Expected June 30, 2005 Final Report: Expected December 31, 2005
<p>Summary: Children in Tribal custody (under a Joint Powers Agreement or the Tribal Administration of Title IV-E Funds waiver project) may be placed in assisted guardianships, and the guardians may receive subsidy payments that do not exceed those for adoption assistance. As of December 2002, three children in Tribal custody had been placed in a guardianship. Insufficient data are available for outcome analysis.</p>	

Type: State Assisted Guardianship Implemented: April 2001 Interim Report: Expected February 2003	Approved: June 14, 1999 Completed: Expected June 30, 2005 Final Report: Expected December 31, 2005
<p>Summary: Children in state custody may be placed in assisted guardianships, and the guardians may receive subsidy payments that do not exceed those for adoption assistance. Both Native American and non-Native American children in state custody and who are Title IV-E eligible may be served through this project. As of December 2002, 54 children in state custody had been placed in a guardianship. Insufficient data are available for outcome analysis.</p>	
<b>North Carolina</b>	
Type: Capped IV-E Implemented: July 1, 1997 Interim Report: June 30, 2002	Approved: November 14, 1996 Completed: April 30, 2003 <sup>b</sup> Final Report: November 2002
<p>Summary: The state granted individual counties the opportunity to receive a capped amount of Title IV-E funds that may be used to serve children and families. Each county is able to develop its own set of initiatives under the project, such as, but not limited to, assisted guardianship, court reforms, new services, and organizational changes. The counties participating in the assisted guardianship initiatives are also included in North Carolina's Assisted Guardianship waiver project. Counties were able to undertake multiple initiatives. The state and county will share any excess costs. Nineteen of the state's 100 counties participated in the project; nineteen other counties formed a control group. The probability of placement in out-of-home care declined at a greater rate in the experimental counties than in the control counties. Additionally, children in both the experimental and control counties showed similar rates of decline in length of stay, even though the risk factors for children entering into the experimental group became more severe as the project continued. The state requested an extension for this project. The short-term extension was granted, but a final decision has not yet been made.</p>	
Type: Assisted Guardianship Implemented: July 1, 1997 Interim Report: June 30, 2002	Approved: November 14, 1996 Completed: April 30, 2003 <sup>b</sup> Final Report: November 2002
<p>Summary: The eight counties choosing to implement an assisted guardianship initiative in North Carolina's Capped Title IV-E Allocations waiver project are also considered part of this waiver project. All children in foster care were eligible for assisted guardianship. The assisted guardianship payment was equal to the foster care maintenance payment. Thirty-eight assisted guardianships were established (17 of them were in one county). Outcome findings for this initiative were not reported separately from the other North Carolina waiver project. The state requested an extension for this project. The short-term extension was granted, but a final decision has not yet been made.</p>	

<b>Ohio</b>	
Type: Capped IV-E Implemented: October 1, 1997 Interim Report: November 5, 2000	Approved: February 14, 1997 Completed: Expected October 31, 2003 <sup>b</sup> Final Report: Expected June 30, 2003
<p>Summary: Fourteen counties were granted the ability to flexibly use capped allocations in order to provide — or establish contracts for — all services necessary to achieve safety, permanency, and well-being in children at risk of entering or already in foster care. Fourteen additional counties participated in the control group. Length of stay in foster care remained the same for both the experimental and control groups. The state requested an extension for this project. It received the automatic short-term extension, but HHS has not yet made its final decision.</p>	
<b>Oregon</b>	
Type: Capped IV-E Implemented: July 1, 1997 Interim Report: July 2002	Approved: October 31, 1996 Completed: Expected July 31, 2003 <sup>b</sup> Final Report: Expected March 31, 2003
<p>Summary: Branch offices in the state may receive a portion of their foster care budgets to spend more flexibly and consider the following three options for the use of these funds: (1) foster care prevention, (2) expansion of established services, and (3) innovative service plans. The most frequently used innovative services were enhanced visitation and drug and alcohol facilitators, and the most frequently developed service was family decision-making. Thirty-two of the 35 eligible counties in the state (one county is not eligible) participated to varying degrees in the project. The state estimates 3,300 families received one or more waiver services between July 1, 1997 and September 30, 2001. In addition to this project, Oregon had initiated its own program of flexible funding to the counties. Children in counties with some form of flexible funding were more likely to remain at home or return home within 12 months of placement than children in counties with no flexible funding. No significant differences were found between the groups in the rate of re-abuse within 1 year or in permanency rates within 1 year of removal. Oregon requested an extension for this project and received a short-term extension. HHS has not made a final decision regarding the request.</p>	
Type: Assisted Guardianship Implemented: July 1, 1997 Interim Report: July 2002	Approved: October 31, 1996 Completed: Expected July 31, 2003 <sup>b</sup> Final Report: Expected March 31, 2003
<p>Summary: Under this project, Oregon may establish assisted guardianship for children who meet the following eligibility requirements: have been in substitute care for more than 12 months; have lived with the prospective guardian for at least 6 months; and be at least 12 years old if the prospective guardian is not a relative (or any age if the guardian is a relative). The assisted guardianship payment cannot be more than the foster care payment. As of December 31, 2002, 276 children had guardianships established with 178 families. Approximately 70% of the guardianships were with relatives of the children. More than half of the state branch offices participated in this project. No outcome findings were available for this project. Oregon requested an extension for this project and received a short-term extension. HHS has not made a final decision regarding the request.</p>	

<b>Washington</b>	
Type: Managed Care	Approved: September 29, 1998
Implemented: March 27, 2002	Completed: Expected March 31, 2007
Interim Report: Expected Sept. 30, 2004	Final Report: Expected Sept. 30, 2007
<p>Summary: The state is allowed to contract with providers for all necessary care, maintenance, and direct social services for eligible children. Children eligible to participate in this project are those, ages 6 to 17, who are at risk of entering, or are already in, high-cost group care or high-cost family foster care and who are in need of mental health or special education services. One county is participating in the project, but the state may implement the project in up to six sites, which may contain one or more counties. As of September 2002, there are seven children in the experimental group and five in the control group. No outcome findings have been reported.</p>	

**Source:** Table prepared by the Congressional Research Service (CRS) based on information provided by the states (as of February 2003) and included in *Summary of the Child Welfare Waiver Demonstration Projects* and *Profiles of the Child Welfare Waiver Demonstration Projects*, both by James Bell Associates, Inc., Arlington, VA, Feb. 2003.

**Note:** Table information is current as of February 2003. Completion dates include the short-term extensions if applicable.

- a. Connecticut ended its waiver project before its original completion date in order to implement the program statewide.
- b. These completion dates reflect the short-term extension automatically granted by HHS when a state requests a waiver extension. According to HHS, some of the short-term extensions will be lengthened (thereby pushing back the completion dates) in cases where the short-term extension would have expired before a final decision has been made.
- c. Maryland ended its Managed Care project early due to budget constraints.
- d. The end date for Maryland's Services to Substance-Abusing Caretakers project was based on a date 5 years after the implementation of the state's Managed Care project.

## Appendix B: Summary of State Waiver Project Expenditures, FY2000-FY2002

**Table B-1. State-by-State Expenditures of Title IV-E Funds for Waiver Projects, FY2000**

State	Federal IV-E expenditures	State IV-E expenditures	Total IV-E expenditures
California	\$704,430	\$704,430	\$1,408,860
Colorado	256,946	256,945	513,891
Connecticut	277,815	277,812	555,627
Delaware	104,974	104,974	209,948
Illinois	115,863,208	115,863,205	231,726,413
Indiana	2,044,046	1,411,175	3,455,221
Maine	186,151	94,958	281,109
Maryland	881,150	881,151	1,762,301
Michigan	483,192	458,261	941,453
Mississippi	21,005	21,006	42,011
New Mexico	49,584	(24,792)	24,792
North Carolina	14,493,305	10,570,983	25,064,288
Ohio	153,937	153,936	307,873
Oregon	539,092	359,995	899,087
Texas	20,835	20,835	41,670
Washington	168,176	165,956	334,132
Total	\$136,247,846	\$131,320,830	\$267,568,676

**Source:** Table prepared by the Congressional Research Service (CRS) based on information provided by the U.S. Department of Health and Human Services.

**Note:** This table only reflects Title IV-E related expenditures. The total costs of the waiver projects may include additional funding streams. Negative numbers reflect adjustments made by states to previous expenditures.

**Table B-2. State-by-State Expenditures of Title IV-E Funds  
for Waiver Projects, FY2001**

State	Federal IV-E expenditures	State IV-E expenditures	Total IV-E expenditures
California	\$6,331,771	\$6,082,046	\$12,413,817
Colorado	186,291	186,288	372,579
Connecticut	380,869	380,867	761,736
Delaware	120,851	120,851	241,702
Illinois	110,237,664	110,237,658	220,475,322
Indiana	2,769,699	1,839,504	4,609,203
Maine	158,793	81,366	240,159
Maryland	9,411,989	9,411,989	18,823,978
Michigan	759,145	710,796	1,469,941
Montana	39,113	36,718	75,831
New Mexico	64,126	45,867	109,993
North Carolina	15,989,678	11,851,510	27,841,188
Ohio	270,074	270,072	540,146
Oregon	789,405	526,270	1,315,675
Texas	219,537	219,532	439,069
Washington	64,737	64,187	128,924
Total	\$147,793,742	\$142,065,521	\$289,859,263

**Source:** Table prepared by the Congressional Research Service (CRS) based on information provided by the U.S. Department of Health and Human Services.

**Note:** This table only reflects Title IV-E related expenditures. The total costs of the waiver projects may include additional funding streams.

**Table B-3. State-by-State Expenditures of Title IV-E Funds for Waiver Projects, FY2002**

State	Federal IV-E expenditures	State IV-E expenditures	Total IV-E expenditures
California	\$10,785,467	\$10,547,428	\$21,332,895
Colorado	232,896	232,896	465,792
Connecticut	(33,830)	(33,828)	(67,658)
Delaware	112,151	112,151	224,302
Illinois	152,876,835	152,918,453	305,795,288
Indiana	3,569,525	2,332,767	5,902,292
Maine	283,712	142,412	426,124
Maryland	5,934,922	5,934,922	11,869,844
Michigan	1,039,754	952,917	1,992,671
Mississippi	88,762	88,760	177,522
Montana	106,587	61,388	167,975
New Hampshire	112,968	112,966	225,934
New Mexico	166,259	65,313	231,572
North Carolina	14,953,122	11,204,315	26,157,437
Ohio	451,444	451,442	902,886
Oregon	1,290,854	889,642	2,180,496
Texas	291,458	289,966	581,424
Washington	(10,000)	(9,750)	(19,750)
Total	\$192,252,886	\$186,294,160	\$378,547,046

**Source:** Table prepared by the Congressional Research Service (CRS) based on information provided by the U.S. Department of Health and Human Services.

**Note:** This table only reflects Title IV-E related expenditures. The total costs of the waiver projects may include additional funding streams. Negative numbers reflect adjustments made by states to previous expenditures.