

# **Summary of the Title IV-E Child Welfare Waiver Demonstrations**

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**Children's Bureau**  
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## **Introduction**

In 1994, Congress passed Public Law 103–432, which established section 1130 of the Social Security Act (SSA) and gave the Secretary of the Department of Health and Human Services (HHS) the authority to approve State demonstration projects involving the waiver of certain provisions of titles IV-E and IV-B of the SSA. These provisions govern Federal programs relating to foster care and other child welfare services. Conceived as a strategy for generating new knowledge about innovative and effective child welfare practices, waivers grant States flexibility in the use of Federal funds (particularly title IV-E foster care maintenance funds) for alternative services and supports that promote safety, permanency, and well-being for children in the child protection and foster care systems. The Adoption and Safe Families Act (ASFA) of 1997 extended and expanded HHS’ authority to use waivers for child welfare programs by approving up to 10 new waiver projects each year. Federal legislative authority to approve new waivers expired on March 31, 2006. However, the Child and Family Services Improvement and Innovation Act (Public Law 112–34), which was signed into law on September 30, 2011, amended Section 1130 of the SSA and reauthorized HHS to approve up to 10 new waiver demonstrations in each of Fiscal Years 2012 through 2014.

Typically, HHS has approved child welfare waiver demonstrations for up to five years, although projects may be extended beyond five years at the discretion of the HHS Secretary. Some States have implemented discrete interventions focused on specific child welfare populations, whereas others have experimented with the flexible use of funds to effect system-wide reforms. One of the requirements for waiver demonstrations is that they must remain cost-neutral to the Federal government, i.e., States cannot receive more in Federal reimbursement than they would have received under titles IV-B or IV-E of the Act in the absence of the demonstration. Since the enactment of the child welfare waiver authority, 23 States have implemented one or more demonstrations involving a variety of service strategies, including:

- Subsidized guardianship/kinship permanence;
- Flexible funding and capped IV-E allocations to local agencies;
- Managed care payment systems;
- Services for caregivers with substance use disorders;
- Intensive service options, including expedited reunification services;
- Enhanced training for child welfare staff;
- Adoption and post-permanency services; and
- Tribal administration of IV-E funds.

## **Implementation Status**

As of March 2012 six States have active title IV-E waiver agreements; Florida, Illinois, and Indiana remain active under short-term extensions, California remains active under its original waiver, while Ohio and Oregon received approval for second five-year extensions. Table 1 summarizes the implementation status of all waivers approved since 1997 and provides a brief description of the major waiver service strategies.

**Table 1 – Service Strategies and Implementation Status of the Title IV-E Waiver Demonstration Projects**

Type of Project	Description of Intervention	Status of Demonstrations				
		Active Demonstrations			Completed	
		Under Original Waiver	Under 5-Year Ext.	Under Short-Term Ext.	Completed As Scheduled	Terminated Early
<i>Subsidized Guardianship/Kinship Permanence</i>	Relatives/other caregivers who assume legal custody of children are eligible for a monthly subsidy equal or comparable to monthly foster care payments.				DE (2002) <sup>1</sup> MD (2004) NM (2005) MT (2008) IL (2009) MN (2010) OR (2011) WI (2011)	NC (2008) TN (2009) IA (2010)
<i>Flexible Funding/Capped IV-E Allocations</i>	States give counties or other local entities flexibility to spend child welfare dollars for new services and supports in exchange for a capped allocation of title IV-E funds.	CA (2012)	OH (2015) <sup>2</sup> OR (2016)	FL (2012) IN (2012)		NC (2008) <sup>3</sup>
<i>Managed Care Payment Systems</i>	Alternative managed care financing mechanisms are utilized to reduce child welfare costs while improving permanency, safety, and well-being outcomes for targeted families.				MI (2003)	CO (2003) CT (2002) MD (2002) WA (2003)
<i>Services for Caregivers with Substance Use Disorders</i>	Title IV-E dollars fund services and supports for caregivers with substance use disorders.			IL (2012)	DE (2002) NH (2005)	MD (2002)
<i>Intensive Service Options</i>	States increase the variety and intensity of services and supports to reduce out-of-home placement rates and improve other permanency and safety outcomes.				CA (2005)	MS (2004) AZ (2008)
<i>Enhanced Training for Child Welfare Staff</i>	Training for public and private-sector child welfare professionals is provided to improve permanency and safety outcomes for children and their families.					IL (2005)
<i>Adoption and Post-Permanency Services</i>	States strengthen existing or provide new post-adoption and post-permanency services and supports.				ME (2004)	
<i>Tribal Administration of IV-E Funds</i>	Tribes develop administrative and financial systems to independently administer title IV-E foster care programs and claim Federal reimbursement directly.				NM (2005)	

<sup>1</sup> Dates in parentheses denote the actual or expected completion date of the demonstration.

<sup>2</sup> Ohio and Oregon are currently in their second five-year waiver extensions.

<sup>3</sup> North Carolina completed its original waiver as scheduled in June 2004 but terminated its long-term waiver extension (including the subsidized guardianship component) early in February 2008.

## Evaluation Designs

As part of their waiver agreements, all States are required to conduct rigorous evaluations of their demonstrations that include process and outcome components as well as a cost analysis. Random assignment designs are employed whenever feasible, although alternative designs have been approved and implemented. Table 2 provides an overview of the evaluation designs that have been implemented for active and past waiver demonstrations. A majority of demonstrations have used or are currently using random assignment designs. Because some demonstrations involve systemic reforms that make random assignment infeasible, several States are using comparison site designs in which a county or other geographic region serves as the unit of analysis. Time series designs in which historical changes in child welfare outcomes are tracked and analyzed over time were approved and are being implemented in California and Florida. Indiana is using a matched case comparison design that pairs each child assigned to a waiver slot with a corresponding non-waiver child using a set of demographic, geographic, and case-related variables. States are generally expected to submit a final evaluation report within six months of the completion or termination of a demonstration.<sup>4</sup>

**Table 2 - Evaluation Designs of the Title IV-E Waiver Demonstrations**

Demonstration Type	Research Design			
	Random Assignment	Comparison Sites	Time Series Analysis	Matched Case Comparison
Subsidized Guardianship/Kinship Permanence	IA, IL, MD, MN, MT, NM, WI, TN	NC, OR		
Flexible Funding/Capped IV-E Allocations	OR (Phase III)	NC, OH, OR (Phase I & II)	CA, FL	IN
Managed Care Payment Systems	CO, CT, MD, MI, WA			
Substance Use Disorder Services	IL, MD, NH	DE		
Intensive Service Options	AZ, CA, MS			
Enhanced Child Welfare Training	IL			
Adoption and Post-Permanency Services	ME			
Tribal Administration of IV-E Funds		NM		

## Overview of the Demonstrations

Although a wide range of demonstrations have been implemented since the enactment of the waiver authority in the 1990s, active waivers are currently limited to the categories of flexible funding/capped IV-E allocations and services for parents with substance use disorders. The remainder of this summary provides a brief overview of past demonstrations in these areas, as well as recently completed subsidized guardianship/kinship permanence demonstrations, and

<sup>4</sup>Appendix A at the end of this summary provides a comprehensive list of evaluation reports available on the Internet for current and past State waiver demonstrations.

focuses primarily on the characteristics and evaluation outcomes of active or recently completed waivers. For more detailed information about past demonstrations, please refer to James Bell Associates' waiver summaries for prior years or to JBA's 2012 compendium titled *Profiles of the Title IV-E Child Welfare Waiver Demonstration Projects*.

### ***Subsidized Guardianship/Kinship Permanence***

To date, 11 States have completed subsidized guardianship/kinship permanence waiver demonstrations: Delaware, Illinois, Iowa, Maryland, Minnesota<sup>5</sup>, Montana, New Mexico, North Carolina, Oregon, Tennessee, and Wisconsin. Montana and New Mexico's demonstrations offered a guardianship option to children in either Tribal or State custody, with procedures for processing the cases of children in Tribal custody determined by appropriate Tribal government authorities. In two States—North Carolina and Oregon—subsidized guardianship was one component of larger flexible funding waiver demonstrations. Several States terminated their guardianship waivers early in order to opt into the new Federal title IV-E Guardianship Assistance Program (GAP) established under Public Law 110–351 (the Fostering Connections to Success and Increasing Adoptions Act of 2008). Specifically, Oregon retroactively implemented the GAP on January 1, 2009, followed by Tennessee on April 1, 2009, Maryland and Montana on October 1, 2009, and Wisconsin on August 1, 2011. Other States that have recently completed their guardianship demonstrations either plan to or are considering whether to establish guardianship programs under the new Federal law.

The guardianship demonstrations varied widely in terms of their eligibility requirements for children and caregivers, guardianship subsidy rates, and availability of supplemental support services. For example, five States (Delaware, Minnesota, Montana, New Mexico, and Oregon) limited participation to only title IV-E-eligible children; demonstrations in the remaining States were open to both title IV-E-eligible and non-eligible children, with subsidies for non-eligible children paid for with State or local funds. Six States (Delaware, Minnesota, Montana, New Mexico, Tennessee, and Wisconsin) required both relative and non-relative guardians to be licensed foster care providers, whereas demonstrations in other States are open to unlicensed relatives and kin. More recent demonstrations in Illinois, Iowa, Minnesota, and Tennessee differed from past guardianship projects in that they made older children (typically between the ages of 14 and 16) eligible for independent living and transitional services (e.g., education and training vouchers) through the Chafee Foster Care Independence Program. During its long-term waiver extension, Illinois implemented an “enhanced” guardianship demonstration that offered these independent living and transitional services to older children who met the eligibility criteria for subsidized guardianship while concurrently maintaining the “standard” guardianship program it initiated under its original waiver.

**Permanency Rates:** In its original demonstration, Illinois found strong, statistically significant evidence that the availability of subsidized guardianship increased net permanence, which is

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<sup>5</sup> Minnesota's demonstration differed from other guardianship projects in that it allowed the use of title IV-E funds to support guardianship subsidies (referred to as “relative custody assistance” in Minnesota) in the context of a project that tested the impact of a single benefit structure on permanency outcomes for children. Under the State's demonstration, a child who exited foster care to either adoption or relative custody continued to receive the same monthly subsidy and services as he or she received while in foster care. In contrast, the State's traditional subsidy programs allow counties to negotiate separate relative custody or adoption payments with caregivers that are up to 50 percent lower than foster care maintenance payments.

defined as exits from placement to reunification, adoption, or guardianship. By the end of the State's original demonstration, 80 percent of experimental group children had exited foster care to a permanent placement compared with only 74 percent of control group children. No statistically significant differences in net permanency rates were observed among youth participating in Illinois' five-year guardianship extension, which focused on the provision of post-permanency supports for older youth in foster care; however, caregivers who reported being fully aware of the enhanced services available through the State's demonstration were significantly more likely to report that the youths in their care had exited to subsidized guardianship.

As with Illinois' original demonstration, final findings from Tennessee's project revealed a positive and statistically significant correlation between the availability of subsidized guardianship and net permanency, with nearly 75 percent of children assigned to the project's experimental group exiting to permanency compared with 66 percent of children in the control group. Final findings from Wisconsin also revealed a statistically significant effect from the availability of subsidized guardianship on net permanency rates, with 69 percent of children assigned to the experimental group exiting to guardianship, reunification, or adoption as of September 2009 compared with 50 percent of control group children, a difference of 19 percent. Findings from Minnesota suggest similar positive trends, with nearly 72 percent of children in the State's experimental group moving to permanency through adoption, permanent legal and physical custody, or reunification compared with 64 percent of children in the control/matched comparison group, a difference of 8 percent that was largely attributable to increased exits to permanent legal and physical custody. No statistically significant differences in net permanency rates were observed among children participating in Iowa's demonstration; the absence of significant findings in this State may have been due in part to training and implementation problems that limited caseworkers' knowledge and understanding of the subsidized guardianship program.

Placement Duration: Final evaluation findings from Wisconsin indicate that the availability of subsidized guardianship was significantly associated with decreased placement duration, with mean time to permanence among experimental group children measuring 490 days compared to 631 days among control group children. A similar significant trend was evident in Minnesota, where the average length of foster care placements was 625 days among children assigned to the experimental group compared to 758 days for children assigned to a control or matched comparison group. Oregon also reported reductions in placement duration in favor of subsidized guardianship, with the average time before exiting to guardianship significantly shorter (25.5 months) than the average time to adoption (35 months). In Tennessee, children assigned to the experimental group spent an average of 11.5 fewer weeks in foster care (about 80 days) than those assigned to the control group. No statistically significant changes in placement duration were associated with Iowa's guardianship demonstration or with Illinois' long-term waiver extension; as with net permanency rates, the lack of statistically significant changes in placement duration in these States may be due to low rates of awareness about subsidized guardianship among caseworkers and subsequently low rates of guardianship offers. However, children assigned to the experimental group in Illinois' standard guardianship program (as opposed to the "enhanced" guardianship program focused on older youth implemented during the State's five-year waiver extension) did spend considerably less time in placement than their control group counterparts, specifically, an average of 269 fewer days.

Maltreatment Recurrence: Findings from several States suggest that children who exit foster care through subsidized guardianship are generally as safe as those who exit through other permanency options. In Wisconsin, for example, both the experimental and control groups had rates of new maltreatment reports of three percent following permanency, none of which were substantiated. This finding parallels those from Iowa and Minnesota, which found no significant differences in rates of subsequent maltreatment reports. Data from some States suggest that children in guardianship arrangements may actually be safer than those who are reunified. During Illinois' long-term waiver extension, for instance, only 7 percent of youth who exited to subsidized guardianship had a substantiated maltreatment report compared to 20 percent of reunified youth. Oregon found that maltreatment recurrence rates among children who exited to subsidized guardianship were only 2 percent compared with 16 percent among children who were reunified with their birthparents.

Placement Disruptions and Foster Care Re-Entry: The available evidence suggests that foster care re-entry rates are generally no higher among children exiting to subsidized guardianship than to other permanency options. During its original demonstration, Illinois observed no differences between the experimental and control groups in the proportion of permanent placements in which the child was no longer living in the home of the original guardian or adoptive parent (1.2 percent versus 1.1 percent, respectively). In Tennessee, approximately three percent of children in the experimental group re-entered foster care after permanence compared to half that rate (1.5 percent) in the comparison group; however, this difference was not statistically significant and is likely overstated because re-entries into foster care from adoption could not be tracked through the State's child welfare information system. Similarly, both Iowa and Wisconsin reported no significant differences in foster care re-entries, with Wisconsin reporting only one re-entry of a child who had exited to subsidized guardianship from the experimental group. Although no comparison group was available, Oregon reported a very low overall incidence of foster care re-entry among children exiting to subsidized guardianship, with only 2 percent of children re-entering care during the first 24 months following their exit from foster care.

Child Well-Being: Findings from Montana's and Illinois' original demonstrations suggest that children in guardianship fare as well as those in other permanency settings on several measures of well-being, including school performance, engagement in risky behaviors, and access to community resources. Comprehensive well-being data are more limited for Illinois' long-term waiver extension, although data on youths' educational progress revealed that more than 75 percent of experimental group youth had completed or were attending high school. Findings from caregiver surveys conducted in Minnesota indicate more positive trends in well-being outcomes for children who exited to permanency through adoption or transfer of legal and physical custody than for children who did not achieve permanence, particularly in the areas of emotional wellness, caregiver-child relationships, school participation, and health. Specifically, 45.7 percent of surveyed caregivers who adopted or assumed guardianship of a child reported that the child's well-being was "excellent"; in contrast, only 21.1 percent of the caregivers of children who had not attained permanence rated the child's well-being as excellent.

### ***Flexible Funding and Capped IV-E Allocations***

Over the past 15 years a total of six States—California, Florida, Indiana, North Carolina, Ohio, and Oregon—have received title IV-E waivers to implement flexible funding/capped IV-E allocation demonstrations. Indiana, North Carolina, Ohio, and Oregon all received five-year extensions of their flexible funding demonstrations that were originally approved in the 1990s. In March 2011 Ohio received a second five-year extension of its waiver retroactive to October 2010 and Oregon also received a second five-year extension of its waiver effective July 1, 2011. Indiana’s waiver remains active under a short-term extension pending approval of its request for a second five-year waiver extension. Florida implemented a new flexible funding demonstration in October 2006 and began a short-term extension in October 2011 that lasts through July 2012. California, which began its waiver in July 2007 with a scheduled end date of June 2012, was also granted a short-term extension through June 2013. Both States have applied for five-year waiver extensions. North Carolina terminated its waiver extension early in February 2008 due to ongoing difficulties with maintaining cost neutrality.

Although flexible funding demonstrations vary widely in terms of scope, service array, organizational structure, and payment mechanisms, all share in common the core concept of allocating fixed amounts of title IV-E dollars to local public and private child welfare agencies in an effort to provide new or expanded services that prevent out-of-home placement and/or facilitate permanency. The fundamental assumption underlying a flexible funding waiver is that the cost of these services will be offset by subsequent savings in foster care expenditures. Examples of new or expanded programs and services offered by States with flexible funding waivers include:

- Early intervention services;
- Expedited reunification services;
- Crisis intervention services;
- Time-limited payments for case-specific goods and services (e.g., payments for rent, utilities, child care);
- Post-permanency child and family supports;
- Substance abuse and mental health treatment;
- Legal assistance;
- Family Team Meetings/Family Decision Meetings; and
- Enhanced visitation services.

In most States with flexible funding waivers, capped allocations of IV-E funds are disbursed as annual allotments to participating counties based on variables such as the size of their local child welfare populations. In Florida, funds are distributed to private non-profit and public community-based “lead agencies” as well as to some local government entities. An alternative model used exclusively in Indiana involves the allocation of capitated case-specific waiver payments or “slots” that were made available to counties based on State guidelines and county-level needs.

Expansion of Service Array: Evidence from several States suggests that the availability of flexible IV-E funds increases children and families’ access to a wider array of child welfare services. For example, final findings from Indiana’s five-year waiver extension suggest that the

families of children assigned to waiver slots received certain goods and services at significantly higher levels than matched comparison families, most specifically family preservation services, household goods, homemaker services, transportation, housing assistance, money management training, life skills training, and childcare. In Florida, all 20 Community-Based Care Lead Agencies have reported an expansion of their tertiary prevention and diversion services between the start of waiver implementation and the 2010–2011 State Fiscal Year (SFY). In addition, 14 agencies (70 percent) currently use some type of Family Team Conferencing. Although few differences in service availability emerged between experimental and comparison counties in North Carolina, families in experimental (i.e., waiver) counties were considerably more likely to access services than families in comparison counties and accessed them more quickly than comparison families. In Ohio, experimental counties generally implemented enhanced programs such as Family Team Meetings (FTMs) with more personnel and resources and with greater fidelity to a standardized engagement and case management model; however, few differences were reported between experimental and comparison counties in the overall availability of supervised visitation, kinship, mental health, and substance abuse services. In California, flexible waiver funds are being used to build on a number of concurrent initiatives and pilot projects in Los Angeles and Alameda Counties, including Intensive Treatment Foster Care, Multidimensional Treatment Foster Care, Multi-Systemic and Functional Family Therapy, concurrent wraparound services for youth in residential placement settings, and specialized youth permanency services that target older youth at high risk of aging out of foster care.

Although definitive correlations between waiver-funded services and key child welfare outcomes are difficult to discern given the broad and systemic nature of most States' flexible funding waivers, possible trends in multiple outcome areas have been reported by several States in recent years. Notable findings in the areas of placement prevention, permanency, placement duration, child safety, foster care re-entry, and child/family well-being are highlighted below.

Out-of-Home Placement Prevention: During its five-year extension Indiana continued to observe the same positive trends in out-of-home placement prevention reported during its first waiver; specifically, of the 4,797 experimental group children and 3,629 matched comparison group children not in placement at the time of their assignment to the State's waiver extension, 753 children in the experimental group (15.7 percent) were subsequently placed in out-of-home care compared with 653 matched comparison children (18 percent), a small but statistically significant difference. In Florida, the State's out-of-home care population declined from 29,827 children in September 2006 to 18,768 children in March 2011, an overall decline of 37 percent. Similarly, Alameda County (California) experienced a decline of 33 percent in its out-of-home care population from 2,073 children in July 2006 to 1,390 children in May 2011, while Los Angeles County experienced a decline of 24 percent from 20,302 children to 15,410 children during the same time period. In Ohio, 15 percent of children with an active child welfare case in counties implementing the FTM service strategy went into out-of-home placement compared with 17 percent of children in comparison counties, a small but statistically significant difference. North Carolina, in contrast, observed a different trend during its waiver extension than it reported during its first waiver, with children in experimental group counties about 30 percent more likely to be placed in care than children in comparison counties, a statistically significant difference.

Permanency Rates: In Florida between SFY 2007–08 and SFY 2009–10 the average proportion of children reunified with an original caregiver or placed with relatives within 12 months increased from 63.7 percent to 67.5 percent, a small but statistically significant difference. As was observed during its original waiver, experimental group children in Indiana were reunified at substantially higher rates than their matched comparison counterparts; specifically, by the end of its waiver extension Indiana found that 63.5 percent of experimental group children had been reunified compared with 46.9 percent of matched comparison group children, a statistically significant difference. The implementation of enhanced visitation services (EVS) in Oregon using flexible IV-E funds also appears to be associated with higher reunification rates, with the rate among children in EVS counties peaking at 77 percent compared with only 53 percent in comparison counties. In California, the proportion of children reunified within 12 months of placement has trended upward in Los Angeles County from 43.5 percent in 2004 to 63.9 percent in 2009.

Despite overall longer lengths of stay in placement in North Carolina, survival analysis revealed that children in experimental group counties were significantly more likely to exit placement after two years than children in comparison counties. Although a counterfactual analysis conducted by Ohio estimated that reunification rates would have actually been higher in the absence of a waiver, this same analysis estimated that the State’s waiver had a positive impact on exits to adoption and kin custody. Specifically, the State’s analysis indicated that the flexible funding demonstration increased exits to kin custody by 2.43 percent above what they would have been without the waiver, whereas exits to adoption were estimated to be .74 percent above what they would have been without a waiver. While small, both of these estimated differences were reported to be statistically significant.

Placement Duration: In Indiana, children with access to waiver-funded services spent less time on average in out-of-home placement; specifically, among children reunited, adopted, or placed with a guardian, those in the experimental group averaged 314 days in placement compared with 427 days among children in the matched comparison group, a statistically significant difference. The cases of children in experimental counties in Ohio that implemented the FTM service strategy remained open for an average of 329 days compared with 366 days for the cases of children in comparison counties, a statistically significant difference. In addition, the State’s counter-factual analysis estimated that the statewide median length of stay in out-of-home placement among children exiting to adoption was 1.77 months shorter than it would have been in the absence of a waiver, a small but statistically significant difference. North Carolina observed a different trend, with median length of stay in out-of-home placement generally longer for children in experimental counties than for children in comparison counties (471 days compared with 357 days).

Maltreatment Recurrence: On balance, children with access to waiver-funded services in Indiana avoided maltreatment recurrence more often than their matched counterparts. Specifically, experimental group children had fewer new substantiated reports of child maltreatment than did children in the matched comparison group (23.2 percent versus 24.3 percent, respectively); while this percentage difference is small it is statistically significant due to the large sample size available for Indiana’s evaluation. In Ohio, a trajectory analysis concluded that children served in-home in experimental counties during the course of the State’s waiver extension were no more

likely to be the subject of a subsequent maltreatment investigation than were comparison county children.

Foster Care Re-Entry: In contrast to its original waiver demonstration, Indiana observed a negative correlation between experimental group assignment and the risk of foster care re-entry during its waiver extension, with 19.8 percent of experimental group children who were previously reunified re-entering placement compared with 16.3 percent of children in the matched comparison group, a statistically significant difference. Additional analysis suggested that the higher rate of subsequent removals among experimental group children was negatively correlated with service receipt, i.e., more removals occurred *only* among children who received no services in three of four major service categories (clothing, counseling, and family support services). Foster care re-entry rates within 12 months of reunification declined slightly in Florida from 11.6 percent in SFY 05–06 to 10.4 percent in SFY 08–09, a change that did not reach statistical significance. The implementation of EVS using flexible IV-E funds appeared to exert some positive effects on foster care re-entry in Oregon, with only 10 percent of children formerly in out-of-home placement in experimental (EVS) counties re-entering care compared with nearly 27 percent of children in comparison counties. Foster care re-entry rates within 12 months of reunification have trended downward in Alameda County from 21.4 percent in July 2006 to 14.6 percent in March 2010; in contrast, re-entry rates have trended slightly upward in Los Angeles County, rising from 7 percent of reunified cases to 12.4 percent during this same timeframe. In North Carolina, survival analyses conducted for the State’s waiver extension suggest that children in comparison group counties tended to re-enter care at faster rates than children in experimental group counties, although not at statistically significant levels.

Child and Family Well-Being: Indiana’s evaluation team used self-report surveys of caregivers to study differences between the experimental and matched comparison groups in family and child well-being. Although no statistically significant differences were observed between the two groups in most well-being domains, the caregivers of children in the experimental group were more likely to report that their children were doing “excellent” or “good” in school (76.1 percent) than their matched comparison group counterparts (68.8 percent), a small but statistically significant difference. In addition, the caregivers of experimental group children reported somewhat more satisfaction with the help they received or were offered by their caseworker (81.5 percent versus 76.6 percent) and were significantly more likely to report that their families were “much better off” because of their experience with the State Department of Child Services (40.8 percent versus 30.9 percent, respectively). To date, no other States with flexible funding waivers have collected or reported data on well-being outcomes for children and families.

Foster Care Savings: As noted earlier, the key assumption underlying a flexible funding waiver is that the cost of up-front prevention services will be offset by subsequent savings in foster care maintenance expenditures. Because the States vary widely in how they track and report financial data direct cross-State comparisons of fiscal outcomes are difficult; however, the available data indicate that the States have by and large succeeded in their efforts to increase child welfare revenues for in-home services while decreasing expenditures on foster care maintenance. Of particular note is the steep drop in foster care maintenance expenditures observed in Florida commensurate with the sharp decline in that State’s out-of-home placement population, with the ratio of foster care to non-foster care expenditures decreasing from 8.54:1 in SFY 2005–2006

(the fiscal year prior to waiver implementation) to 3.14:1 in SFY 2009–2010, a drop of 63 percent. Florida’s reduced spending on out-of-home care has been driven largely by declines in spending on institutional foster care and to a lesser extent by lower family foster care spending. In Oregon, statewide title IV-E foster care maintenance expenditures decreased from about 33 percent of total child welfare spending in 2004 (\$26.1 million) to 24 percent in 2009 (\$22.2 million). Average annual foster care maintenance expenditures in Ohio as a proportion of all child welfare expenditures dropped by five percent in experimental (waiver) counties compared with only one percent in comparison counties, a statistically significant difference.

Despite these successes, the provision of waiver-funded services and supports to non-IV-E-eligible children heightens the risk of failing the cost neutrality requirement of a waiver. Counties in North Carolina, for example, used significant portions of their capped allocations to pay the foster care maintenance expenses of non-IV-E eligible children in an effort to free up local funds for innovative child welfare programs; however, the use of flexible funds for foster care maintenance gradually eroded North Carolina’s cumulative child welfare savings to the point that it had to terminate its waiver demonstration before the cost neutrality limit was exceeded and the State began losing money. Other factors that further diminished the State’s IV-E savings included overall increases in foster care placements in experimental counties, higher administrative costs, and the increased use of more expensive residential placement facilities.

### *Services for Caregivers with Substance Use Disorders*

Four States—Delaware, Illinois, Maryland, and New Hampshire—implemented waiver demonstrations focused on families in which parental substance abuse places children at risk of maltreatment or placement. Delaware completed its demonstration in December 2002 and submitted its final evaluation report in March 2002. New Hampshire began its project in 1999 and continued under a short-term waiver extension through November 2005. Maryland terminated its demonstration early in December 2002 due to various implementation problems. Illinois received approval for a five-year extension of its substance abuse waiver in January 2007 and currently has the only active waiver that targets individuals with substance use disorders. Originally confined to Cook County (Chicago), Illinois has expanded the geographic scope of its five-year extension to also include two rural counties in southern Illinois.

As with other waivers, the substance abuse demonstrations have varied widely in terms of their geographic scope, target populations, and service models. Delaware’s project operated primarily as a referral program in which privately contracted substance abuse counselors were co-located with child protection case managers in local child protective services offices to engage in joint case planning and decision-making. Maryland planned to implement a collaborative case management model in which privately contracted chemical addiction counselors would work with child welfare case managers, parent aides, and volunteer mentors in “Family Support Service Teams” to assess the needs of family members and determine appropriate treatment options. New Hampshire’s *Project First Step* focused on maltreatment and placement prevention by having licensed alcohol and drug abuse counselors work with child protection workers in a supportive capacity to provide training, assessment, treatment, and case management services for families with an initial maltreatment report. In contrast, Illinois’ demonstration focuses on the “back end” of the permanency continuum by providing intensive

treatment retention and recovery services to caregivers referred to substance abuse treatment who already have a child in out-of-home placement. As part of its waiver extension, Illinois seeks to improve families' access to housing, mental health, and domestic violence prevention services, which its first evaluation indicated were closely correlated with the likelihood of reunification.

Preliminary findings from Illinois' five-year extension suggest the emergence of positive trends in permanency and placement duration similar to those observed during the State's original substance abuse demonstration. As of December 31, 2011, 31 percent of children in the experimental group (open and closed cases combined) had been reunified with a biological parent compared to 29 percent of children in the control group. Net permanency rates (reunification, adoption, and guardianship combined) for open and closed cases combined as of December 31, 2011 were 60 percent for the experimental group and 55 percent for the control group. In addition, children in the experimental group who were reunified spent significantly less time in out-of-home placement than their control group counterparts, with reunified experimental group children spending an average of 855 days in placement compared with 1,056 days for reunified control group children, a statistically significant difference of 201 days. To date no significant differences have been observed in Illinois between the experimental and control groups in maltreatment recurrence rates or placement stability.

## Appendix A - Child Welfare Demonstration Project Reports

Many States with past or current waiver demonstrations have posted reports or provided summary information about their projects on the Internet. Visit the following Web sites to view these reports (reports not posted online are available by request from the Children's Bureau).

**Arizona Expedited Reunification Demonstration**—General Information:

[http://www.cabhp.asu.edu/projects/projects/title\\_waiver.aspx](http://www.cabhp.asu.edu/projects/projects/title_waiver.aspx)

**California**—Information on California's Two Demonstrations:

**California Intensive Services Demonstration**—Final Report (May 2004):

<http://cssr.berkeley.edu/pdfs/Brief%20Summary%20of%20Project%20and%20Study%20Findings.pdf>

**California Capped IV-E Allocation Demonstration**—Interim Evaluation Report (March 2010): [http://www.childsworld.ca.gov/res/pdf/InterimEvaluationReport\\_March2010.pdf](http://www.childsworld.ca.gov/res/pdf/InterimEvaluationReport_March2010.pdf)

**Florida Flexible Funding Demonstration**—Semi-Annual Reports and Evaluation Briefs (2006–2009): <http://cfs.cbcs.usf.edu/projects-research/detail.cfm?id=383>

**Illinois**—Evaluation Reports for two of Illinois' Demonstrations:

**Illinois Phase II Guardianship Demonstration**—Final Evaluation Report (September 2009):

[http://www.cfric.illinois.edu/publications/rp\\_20090917\\_IllinoisPermanenceForOlderWardsWaiverFinalEvaluationReport.pdf](http://www.cfric.illinois.edu/publications/rp_20090917_IllinoisPermanenceForOlderWardsWaiverFinalEvaluationReport.pdf)

**Illinois Alcohol and Other Drug Abuse Demonstration**—Interim Evaluation Report (September 2009):

[http://www.cfric.illinois.edu/publications/rp\\_20090901\\_IllinoisAODAIV-EWaiverDemonstrationInterimEvaluationReportSeptember2009.pdf](http://www.cfric.illinois.edu/publications/rp_20090901_IllinoisAODAIV-EWaiverDemonstrationInterimEvaluationReportSeptember2009.pdf)

**Indiana Flexible Funding Demonstration**—Evaluation Reports

Phase I Final Evaluation Report (September 2003):

<http://www.iarstl.org/papers/INFinalReport.pdf>

Phase II Final Evaluation Report (January 2011):

<http://www.iarstl.org/papers/Indiana%20IV-E%20Final%20Evaluation%20Report-2011.pdf>

**Iowa Subsidized Guardianship Demonstration**—General Information:

[http://www.dhs.state.ia.us/policyanalysis/PolicyManualPages/Manual\\_Documents/Letters/Circular/56Z-472-CFS.pdf](http://www.dhs.state.ia.us/policyanalysis/PolicyManualPages/Manual_Documents/Letters/Circular/56Z-472-CFS.pdf) and [http://dhs.iowa.gov/docs/Subsidized\\_Guardianship.pdf](http://dhs.iowa.gov/docs/Subsidized_Guardianship.pdf)

**Maine Post-Adoption Services Demonstration**—Final Evaluation Report (December 2004):

[http://muskie.usm.maine.edu/Publications/ipsi/maine\\_adopt\\_guides\\_05.pdf](http://muskie.usm.maine.edu/Publications/ipsi/maine_adopt_guides_05.pdf)

**Maryland**—Evaluation Reports for Maryland’s Two Waiver Demonstrations:

**Guardianship Assistance Project**—Research Findings:

<http://www.rhycenter.umaryland.edu/gap/>

**Managed Care Demonstration**—Research Findings:

[http://www.rhycenter.umaryland.edu/managed\\_care/](http://www.rhycenter.umaryland.edu/managed_care/)

**Minnesota Continuous Benefit Program:**

General Information and Progress Reports:

[http://www.dhs.state.mn.us/main/idcplg?IdcService=GET\\_DYNAMIC\\_CONVERSION&RevisionSelectionMethod=LatestReleased&dDocName=dhs16\\_137480](http://www.dhs.state.mn.us/main/idcplg?IdcService=GET_DYNAMIC_CONVERSION&RevisionSelectionMethod=LatestReleased&dDocName=dhs16_137480)

Final Evaluation Report (May 2011):

<http://www.iarstl.org/papers/MnPD%20Final%20Report-2011.pdf>

**Mississippi Intensive Services Demonstration**—Final Evaluation Report (June 2005):

<http://www.iarstl.org/papers/MSIVEFinalReport.pdf>

**Montana Subsidized Guardianship Demonstration**—Fourth Annual Report (December 2004):

<http://www.healthmanagement.com/files/MT%20IVE%20Eval%204th%20Report.pdf>

**North Carolina Flexible Funding Demonstration**—Evaluation Reports:

Final Evaluation Report, Phase I (November 2002):

<http://www.unc.edu/~lynnu/ncwaivrpt.htm>

Web-based Survey Report, Phase II (November 2005):

<http://www.unc.edu/%7Elynnu/svcreport.pdf>

**Ohio Flexible Funding Demonstration**—Annual Evaluation Reports (1999–2004), Interim Evaluation Report for Five-Year Waiver Extension, and Comprehensive Final Evaluation Report: <http://jfs.ohio.gov/ocf/pohio.stm>

Waiver demonstration reports, Child Welfare Waiver Demonstration Projects Meeting materials, and links to State reports can also be found at the James Bell Associates, Inc., Website at:

<http://www.jbassoc.com/reports/section.aspx?category=13>