

SYNTHESIS OF FINDINGS

Title IV-E Flexible Funding Child Welfare Waiver Demonstrations

2011



**U.S. Department of Health and Human Services
Administration for Children and Families
Administration on Children, Youth and Families
Children's Bureau**

This synthesis report was prepared under the direction of Ms. Liliana Hernandez, Children's Bureau, Administration for Children and Families, by James Bell Associates, Inc. (JBA) under Contract GS10F0204K, Delivery Order HHSP233200400126U. The Project Director for this contract is Elyse Kaye and the Deputy Project Director is Elliott Graham, Ph.D.

This report is based on evaluation reports submitted by States that received title IV-E waivers to implement flexible funding demonstration projects, specifically California, Florida, Indiana, North Carolina, Ohio, and Oregon. Any conclusions noted in this report reflect the JBA project team's interpretations of the States' findings and do not necessarily reflect the viewpoints of the participating States or the Federal Government.

In addition to reviewing and synthesizing information from States' evaluations of their title IV-E waiver demonstrations, the JBA project team provides ongoing technical assistance to the States regarding the design and implementation of their evaluations and advises the Children's Bureau on evaluation issues relevant to the waivers. For further information on technical assistance, contact the Federal Project Officer at the following address:

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U.S. Department of Health and Human Services, Administration for Children and Families (2011). *Synthesis of Findings: Title IV-E Flexible Funding Child Welfare Waiver Demonstrations*. Washington, DC: Author.

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Synthesis of Findings from the Title IV-E Flexible Funding Waiver Demonstrations

Executive Summary

Introduction

The authority under section 1130 of the Social Security Act (the Act) to conduct child welfare demonstration projects involving the waiver of certain requirements of titles IV-B and IV-E of the Act began in 1994 with the passage of Public Law 103–432 and was later expanded in 1997 through the Adoption and Safe Families Act. States conducting waiver demonstrations may use title IV-E funds for benefits and activities beyond foster care maintenance and administration, including services that protect children from abuse and neglect, preserve families, and promote permanency. Since 1996, 23 States have implemented one or more waiver demonstrations in several service categories, including flexible funding/capped IV-E allocations. Oregon received the first flexible funding waiver in October 1996, followed by North Carolina in November 1996 and Ohio and Indiana in 1997. All four of these States received extensions of their original waivers, three of which (Indiana, Ohio, and Oregon) remain active. These original States were later joined by California and Florida before Federal authority to grant new waivers expired in March 2006.

Throughout the 1990s, several trends contributed to a growing interest in flexible funding waivers demonstrations, including the expanding costs of foster care; the increasing complexity and severity of child and family needs; and concerns among States about the restrictive nature of title IV-E funding, which primarily supports the placement of children in out-of-home care rather than supporting services for placement prevention or reunification. In addition, the Federal Child and Family Services Review (CFSR) process introduced in 2000 set new performance standards for child welfare agencies that have further encouraged the development of maltreatment and placement prevention services. Recent efforts to reform child welfare services have also sparked interest in waiver demonstrations as a means to retain the investment of Federal dollars in these services even as foster care caseloads decline.

Program and Evaluation Designs

Flexible funding waiver demonstrations follow one of two basic fiscal models; the most common model is known as a “capped allocation” in which a State receives an annual lump sum of title IV-E dollars that are then distributed to local child welfare jurisdictions through allocation formulas set by the State. An alternative model used in Indiana creates capitated case-specific waiver payments or “slots” that are distributed to counties based on demographic and other variables. As the first round of waiver States discovered a decade ago, the mere availability of flexible dollars was not always sufficient to guarantee the active use of these funds by local jurisdictions to develop or expand child welfare programs. Flexible funds were often used in a diffuse and sporadic manner to provide time-limited case-specific goods and services. Based on these initial experiences, Ohio focused its waiver demonstration extension on a narrower range of discrete programs (e.g., Family Team Meetings, Supervised Visitation), while Oregon similarly plans to focus its second waiver extension on just two programs (Parent Mentoring and Enhanced Visitation). In keeping with its model of capitated IV-E slots, Indiana uses its flexible funds exclusively for the purchase of case-specific goods and services.

The role of flexible funding waivers in the broader context of statewide child welfare reform has become more evident in recent years, with all active waiver States currently or recently engaged in varying efforts to restructure and improve their child welfare systems. Most reforms have focused on the expansion of family-centered case management models and up-front placement prevention and diversion services, which flexible title IV-E funds have often played an important role in financing. In general, States perceive title IV-E waiver demonstrations to be critical facilitators but not the drivers of these reform efforts.

The U.S. Department of Health and Human Services (HHS) requires all waiver demonstrations to undergo systematic program evaluations to determine their impact on casework practice, service arrays, and child welfare outcomes. Most States have focused on a core set of major outcomes, including exits to permanency, foster care re-entry, maltreatment recurrence, placement prevention, and placement duration. Some States (e.g., California) have operationalized these outcomes using definitions from the Federal CFSR process. Many of the methodological challenges that affected evaluations of the first waiver demonstrations in the 1990s still impact active demonstrations, including the difficulties inherent in evaluating a “funding mechanism” rather than a specific program or service; the lack of rigorous evaluation designs that use random assignment; operationalizing the concept of placement “risk”; problems with implementation fidelity and design contamination; and continued reliance on aggregate data. Some States are facing these challenges by adopting more rigorous approaches to outcome and cost evaluation. Oregon, for example, plans to implement a random assignment design to evaluate the outcomes of expanded Parent Mentoring and Enhanced Visitation programs for its recently approved third five-year waiver term.

Summary of Process Evaluation Findings

In general, the intensity of efforts to use waiver demonstrations to refocus the use of funds and to drive practice changes depend largely on the strength, vision, and commitment of local child welfare leadership, as well as on the creation of processes at the State level that encourage the utilization of funds. Most personnel from all organizational levels, including front-line child welfare staff, have at least a general understanding of the goals and structure of their States’ respective waiver demonstrations, i.e., that they allow for the expanded use of title IV-E dollars on services other than foster care. Most information dissemination regarding waiver demonstrations occurs informally through on-the-job training, staff meetings, and business communications such as memoranda and e-mails. High staff turnover means that for many new workers the concept of flexible funding is perceived of as “business as usual” rather than a new development in case practice and service delivery.

Evaluation findings from some States (e.g., Florida and Indiana) suggest that the availability of flexible funds has increased the number and diversity of services available to at-risk children and families. Within the category of case-specific goods and services, the most common forms of assistance purchased with flexible funds across all States include food and clothing, rental/housing assistance, utility assistance, other household goods (e.g., cribs), transportation assistance/car repairs, child care, and legal assistance (e.g., attorneys’ fees to process a transfer of legal custody). Within the category of new or expanded programs, common examples include

family-centered case management models, supervised visitation programs, kinship/aftercare support, intensive placement prevention services, family finding and engagement programs, and respite care. Although States have utilized flexible title IV-E funding to implement programs that are often regarded as “innovative” from the standpoint of traditional child welfare practice, most of these programs have only limited clinical evidence of their positive impact on child safety and well-being. Stakeholders across the States identified several major gaps in the array of services available to families through contracted providers and other community resources, especially in the areas of substance abuse prevention/treatment, mental health/therapeutic services, and domestic violence prevention and treatment.

Most States have implemented a number of changes to fiscal policies and procedures in response to their waiver demonstrations, e.g., modifications to budgeting and cost allocation methodologies, financial claiming and reporting procedures, and procedures for reimbursing counties. In addition, the waiver demonstrations are associated in some States with significant changes in child welfare case practices. For example, many front-line caseworkers and supervisors credit waivers with lowering caseloads due to the increased hiring of caseworkers and overall declines in out-of-home placement populations (e.g., California, Florida, and Ohio). Waivers are perceived as having strengthened partnerships among State and local child welfare agencies, other government entities, community-based organizations, and contracted service providers. They are also credited with strengthening reform initiatives that developed independently from the waiver demonstrations.

The implementation of flexible funding waiver demonstrations has not occurred without difficulties. The most common challenges fall into the categories of (1) personnel and workload factors such as recruiting and training qualified staff; (2) organizational factors such as leadership and resource constraints; (3) inter-organizational factors that affect communication and collaboration among multiple organizations; and (4) case-level factors such as poverty and substance abuse that attenuate the effectiveness of waiver-funded services.

Summary of Outcome and Cost Evaluation Findings

Evidence regarding the impact of flexible funding waiver demonstrations on key child welfare outcomes remains inconclusive or mixed, with no consistent positive patterns observed across the States in any major outcome area. Statistically significant positive findings have been observed in some States in the categories of placement prevention, exits to permanency, placement duration, and foster care re-entry. In addition, maltreatment recurrence has been no higher overall among child welfare populations assigned to experimental counties/groups or over time, which suggests that children with access to waiver-funded services are at least as safe as those without access. To date, Florida and Indiana are two States that have demonstrated consistently positive and statistically significant findings across most major outcome areas¹. Available fiscal data indicate that the States have largely succeeded in their efforts to increase revenues available for a range of child welfare services through their flexible funding waiver demonstrations. Over the past year, all States with active flexible funding waiver demonstrations

¹Indiana’s evaluation, which involved a matched case comparison design, was the most rigorous among the evaluations of States with flexible funding waiver demonstrations. This greater rigor may have enhanced the State’s capacity to isolate and measure the impact of its demonstration on child welfare outcomes.

have remained cost neutral, i.e., States have been able to cover the costs of foster care normally covered by title IV-E and other child welfare activities while receiving the same amount of Federal title IV-E funding that they would have received in the absence of the waiver, as measured by the cost neutrality formula applicable to each State. Many States have observed a decline in overall foster care maintenance costs since implementation of their demonstrations, with corresponding increases in spending on non-placement programs and services.

Conclusion

Although evidence from some States suggests that the waiver demonstrations have increased the quantity and diversity of services available to at-risk families, more conclusive research is necessary to determine whether this expanded array of services translates into improved child welfare outcomes. The evaluations of future flexible funding demonstrations could be strengthened by using a two-stage approach: In Stage 1, States would test a variety of service interventions and focus on conducting an analysis of financial trends (e.g., shifts in the proportion of funds spent on in-home services versus out-of-home care as currently examined by Florida) as well as a detailed process evaluation. In Stage 2, States would select a limited number of promising practices and conduct more rigorous evaluations of these interventions using random assignment or quasi-experimental methods such as propensity score matching.

The experiences of States with flexible funding waivers highlight the importance of early and careful planning; strong leadership; the active engagement of local stakeholders in planning and implementation; the establishment of simple and coherent guidelines regarding the appropriate use of flexible funds; thorough and ongoing training for front-line staff; and robust data collection and accounting systems.

Stakeholders across all States express broad support for flexible funding waivers and for their indefinite continuation. This support is reflected in the fact that all five States with active flexible funding waivers have officially requested approval for five-year extensions. Assuming waiver demonstrations are allowed to continue, some new directions identified by States for future demonstrations include the expanded use of flexible IV-E funds by more local jurisdictions and improved clinical and research tools for assessing the needs of caregivers and their families. Confirmation of the waivers' effectiveness as a tool of Federal child welfare policy may be advanced through a greater emphasis on the implementation of evidence-based interventions coupled with more rigorous evaluations that employ experimental or quasi-experimental research designs.

Context and History of Flexible Funding Waivers

The story of child welfare waiver demonstrations began in 1994 when Congress passed Public Law 103–432, which introduced the concept of waiving certain requirements of titles IV-B and IV-E of the Social Security Act (the Act) to facilitate States’ undertaking demonstration projects. Conceived of as a strategy for generating new knowledge about innovative and effective child welfare practices, waivers give States flexibility in the use of Federal funds for alternative services and supports that promote safety and permanency for children in the child protection and foster care systems. The 1994 law originally authorized the U.S. Department of Health and Human Services (HHS) to approve a one-time total of 10 child welfare waiver demonstrations; in 1997, passage of the Adoption and Safe Families Act (ASFA) expanded the authority of the HHS Secretary to approve up to 10 new waiver demonstrations each year. Through the waivers, States may spend Federal funds in ways not normally allowed under current Federal laws and regulations to support the development of innovative child welfare practices that improve service delivery and enhance the achievement of national child welfare priorities. Legislative authority to authorize new waiver demonstrations expired in March 2006.

Federal child welfare waivers primarily affect the use of funds under the title IV-E Foster Care Program. Available on an unlimited entitlement basis, title IV-E reimburses States for a portion of foster care maintenance expenses paid on behalf of eligible children and related administrative costs. Among the requirements for eligibility is that children must be removed from a family that would have qualified for the former AFDC² grant under guidelines in effect in July 1996. Through the waiver legislation, States may apply to use title IV-E funds for services other than foster care maintenance payments that protect children from abuse and neglect, preserve families, and promote permanency. In addition, States with waivers may expend title IV-E funds on non-IV-E eligible children.

When implementing a waiver demonstration, States must comply with all other provisions of title IV-E, including requirements regarding safeguards for children’s placement in out-of-home care, permanency hearings for children in State custody, and the inclusion of certain information in children’s case plans. In addition, waiver demonstrations must remain cost neutral to the Federal government (i.e., States cannot receive more in title IV-E reimbursement than they would have received in the absence of the waiver) and they must undergo a rigorous evaluation conducted by a third-party evaluator to assess their efficacy and identify potential areas for improvement.

Although HHS typically approves waivers for up to five years, they may continue at the discretion of the HHS Secretary through short-term extensions of varying lengths or through long-term extensions of an additional five years. Since 1996, 23 States have implemented one or more waiver demonstrations in the following service categories:

- Capped IV-E allocations and flexible funding to States and local child welfare agencies;
- Subsidized guardianship/kinship care;
- Managed care payment systems;

²Aid to Families with Dependent Children, the predecessor to the current Federal Temporary Assistance to Needy Families (TANF) program.

- Services for caregivers with substance use disorders;
- Intensive service options;
- Enhanced training for child welfare staff;
- Adoption services; and
- Tribal administration of IV-E funds.

This synthesis focuses on the experiences and evaluation findings from States that have implemented capped IV-E allocation/flexible funding waiver demonstrations, and specifically incorporates new knowledge and findings since HHS' last publication on this topic in September 2005.³

Throughout the 1990s, several trends contributed to a growing interest in waivers that offer flexibility to States and local child welfare agencies in spending Federal child welfare funds outside of normal statutory and regulatory constraints. Major trends in this regard are outlined below.⁴

Growth in Out-of-Home Placement Costs

The 1990s witnessed spiraling costs for foster care placements throughout the country. As highlighted by the experiences of States with flexible funding waivers, factors that contributed to these rising costs include the increased expense of providing care (i.e., higher foster care maintenance rates); the growing number of children in need of out-of-home placement, especially in expensive residential care settings; and increased lengths of stay in out-of-home placement.

Increasing Complexity and Severity of Child and Family Needs

As costs for out-of-home placements have risen, States have also seen an increase in the severity and complexity of the social, economic, and developmental challenges faced by children and families.

Limitations on the Use of Title IV-E Funds

States have long observed the paradox presented by Federal child welfare programs that parse dollars into categorical funding streams or “silos.” Although title IV-E dollars may be used to pay a portion of the foster care maintenance costs of all eligible children (as well as of related worker training and administrative expenses), they cannot be used to provide services that either prevent placement or expedite reunification. Title IV-B funds are available to provide (among other things) a range of preventive and reunification services to all children in the child welfare system; however, the capped funding levels authorized by Congress for title IV-B are generally insufficient to address the depth and range of child and family needs unless they can be

³U.S. Department of Health and Human Services, Administration for Children and Families (2005). *Synthesis of Findings: Title IV-E Flexible Funding Child Welfare Waiver Demonstrations*. Washington, DC: U.S. Government Printing Office.

⁴A more detailed discussion of these trends is available in HHS' 2005 synthesis of findings from the flexible IV-E funding waiver demonstrations.

supplemented by additional funding sources. Under these circumstances, State and local child welfare agencies nationwide have been faced with balancing the use of the limited Federal funds available for preventive and reunification services with the use of the open-ended funds available for foster care maintenance, a situation that some have suggested can create perverse incentives to keep children in out-of-home placement while discouraging the development of programs that reunify families and maintain children safely at home. The last decade has also seen growth in the Federal oversight of States' provision of child welfare services and outcomes for children and families receiving those services. Specifically, the introduction of the Federal Child and Family Services Review (CFSR) process in March 2000—which assesses States for conformity with certain Federal requirements for child protective, foster care, adoption, family preservation, and independent living services—set new performance standards that have further encouraged child welfare agencies to develop innovative maltreatment and placement prevention services.⁵ As States seek to improve programs in response to the CFSR and their own child welfare reform efforts, they have also raised concerns about the decline in Federal investment in child welfare services as foster care caseloads decline.

In the wake of these challenges and with the passage of the waiver authority in 1994, several States immediately perceived an opportunity to draw down additional Federal dollars to assist in the creation or enhancement of programs and services that prevent out-of-home placement, expedite reunification, and address related child welfare goals. Oregon led the way with the approval of its proposal for a flexible IV-E funding waiver demonstration in October 1996, followed shortly thereafter by North Carolina in November 1996, Ohio in February 1997, and Indiana in July 1997. All four of these States received long-term extensions of their original flexible funding waiver demonstrations (referred to as “Phase II” demonstrations), two of which (Indiana and Oregon) remain active under short-term extensions (North Carolina terminated its long-term extension early due to problems with maintaining the waiver's cost neutrality requirement). In addition, HHS recently granted Ohio and Oregon second five-year waiver extensions through September 30, 2015 and June 30, 2016, respectively. Following a gap of nearly a decade these four “pioneer” States were joined by California⁶ and Florida, which received approval to implement flexible funding waiver demonstrations in March 2006 before the expiration of the Federal waiver authority. Exhibit 1 on the following page summarizes the status of all six flexible funding waiver demonstrations.

Organization and Methodology of the Synthesis

HHS' 2005 synthesis of flexible funding waiver demonstrations summarized major findings and lessons learned from the four original evaluations conducted by Indiana, North Carolina, Ohio, and Oregon. Since that time, all four of these States, along with California and Florida, have

⁵Additional information regarding CFSRs is available online at www.acf.hhs.gov/programs/cb/cwmonitoring/recruit/cfsrfactsheet.htm.

⁶California received an earlier waiver in 1997 for an “intensive service options” demonstration that included some programs that were similar to those being implemented under its current waiver, but that was not structured fiscally as a flexible funding waiver.

collected and analyzed updated information regarding their demonstrations that offers additional insights into the effects of flexible IV-E funding on child welfare programs, practices, and outcomes. In addition to findings available through the States' evaluation reports, HHS has expressed interest in gaining a cross-State, macro-level understanding on the impact of flexible funding on child welfare programmatic and fiscal policy; the array and diversity of child welfare programs, services, and supports; and child welfare practice. This most recent synthesis, then, serves to summarize the most up-to-date process and outcome findings from all six States' evaluations of their demonstrations, as well as to incorporate a global perspective that explores similarities and differences across the States in their goals for, attitudes about, and utilization of flexible funding.

Exhibit 1 - Current Status of Flexible Funding Waiver Demonstrations

| State | Start Date | Completion Date (Actual or Expected) | Implementation Status as of 2011 | | | |
|----------------|------------|--------------------------------------|----------------------------------|------------------------|----------------------------|----------------------------|
| | | | Active | | | Completed |
| | | | Under Original Waiver | Under 5-Year Extension | Under Short-Term Extension | Extension Terminated Early |
| California | 7/1/2007 | 6/30/2013 | • | | | |
| Florida | 10/1/2006 | 7/31/2012 | • | | | |
| Indiana | 1/1/1998 | 9/30/2011 | | | • | |
| North Carolina | 7/1/1997 | 2/28/2008 | | | | • |
| Ohio | 10/1/1997 | 9/30/2015 | | • | | |
| Oregon | 7/1/1997 | 6/30/2016 | | • | | |

Data sources for this current synthesis include interim evaluation reports from Florida and California; final evaluation reports from Indiana (Phase II), North Carolina (Phase II), Ohio (Phase II), and Oregon (Phase II)⁷; and data collected during site visits and conference calls to five of the six flexible funding States (California, Florida, Indiana, Ohio, and Oregon). The site visits and calls were conducted by an HHS contractor during the spring and summer of 2010 and involved conversations with State child welfare agency directors and other senior agency officials; county child welfare agency directors and other senior county child welfare agency officials; the Chief Executive Officers and other senior staff from contracted family service providers; and supervisors and front-line caseworkers from both government child welfare agencies and contracted family service providers. Using a common protocol with adaptations to accommodate differences in State child welfare laws, policies, and organizational structures, the site visit team addressed the following key research questions:

- How does the availability of flexible funding drive decision-making regarding the creation, expansion, and delivery of child welfare services?

⁷ Although both Ohio and Oregon have been granted new five-year waiver extensions the discussion of fiscal and program models in this report, as well as of evaluation findings, is largely focused on these States' previous waiver demonstrations, for which the most comprehensive and accurate information is available.

- How do flexible funding waiver demonstrations parallel or complement existing child welfare initiatives and reform efforts?
- How do States prioritize the use of flexible funds?
- How do flexible funding waiver demonstrations affect the array and diversity of child welfare services?
- What cases/populations are targeted for services paid for with flexible funds?
- How do flexible funding waiver demonstrations affect workplace and casework practices?

Using findings from the site visits and the results of the States’ latest evaluation reports, this synthesis reviews the most recent information available on the key features and fiscal models of the demonstrations; core programs and services implemented using flexible IV-E funds; the demonstrations’ research designs, targeted child welfare outcomes, and evaluation challenges; the latest process and outcome evaluation findings; cost analysis findings; key lessons learned from implementing and evaluating flexible funding waiver demonstrations; and the future of flexible funding waivers as well as their implications for Federal, State, and local child welfare policy and practice. The discussion of findings from Indiana, North Carolina, Ohio, and Oregon is based primarily on these States’ Phase II waiver extensions rather than on their original waivers.

Key Characteristics of Flexible Funding Waiver Demonstrations

Fiscal Models

The fundamental features of flexible funding waiver demonstrations (summarized in Exhibit 2 on the following page) have remained largely unchanged since the late 1990s. From the beginning, the demonstrations have followed one of two basic fiscal models. By far the most common model is known as a “capped IV-E allocation” waiver in which a State receives an annual lump sum of title IV-E dollars that are then distributed to counties or other local child welfare jurisdictions through allocation formulas set by the State. States consider a range of variables in determining the appropriate distribution of IV-E funds to local entities, including the size of local foster care populations, poverty rates, and the availability of local resources for child welfare services. An alternative model—used exclusively in Indiana—involves the allocation of capitated case-specific waiver payments or “slots” that are distributed to counties based on demographic and other variables.

Use of Funds

A second major dichotomy among flexible funding waiver demonstrations involves the actual use of title IV-E funds. Generally, expenditures of flexible funds are divided between (1) the creation of new or the expansion of existing child welfare programs or initiatives, and (2) the purchase of time-limited case-specific goods and services. As the first round of waiver States discovered a decade ago, the mere availability of flexible dollars was not always sufficient to guarantee the active use of these funds by local jurisdictions to develop or expand child welfare programs. Flexible funds were often used in a diffuse and sporadic manner to provide time-limited case-specific goods and services. Based on these initial experiences, Ohio focused its

Exhibit 2 - Key Features of Flexible Funding Waiver Demonstrations

| State | Fiscal Model | Target Population | Geographic Scope | Locus of Control | Signature Programs and Services |
|------------------|--|--|---|--|---|
| CA | Capped allocations to counties | IV-E-eligible and non-eligible children 0–19 in or at risk of out-of-home placement (OHP), including Child Welfare and Probation/Delinquency cases | Alameda & LA Counties (2 of 58 counties throughout the State) | County driven; Counties develop proposals for use of their IV-E allocations subject to State approval | <ul style="list-style-type: none"> • Placement prevention (e.g., Another Road to Safety) • Kin/family finding services • Family Team Decision Meetings • Up-front domestic violence (DV), substance abuse (SA), and mental health (MH) assessments • Therapeutic interventions (e.g., Multi-Systemic Therapy (MST), Functional Family Therapy (FFT)) |
| FL | Capped allocations to Community-Based Care (CBC) Lead Agencies | IV-E-eligible and non-eligible children 0–18 in OHP or receiving in-home services through the child welfare system | Statewide | Locally driven through contracts with private non-profit and public CBC Lead Agencies | <ul style="list-style-type: none"> • Parent education/nurturing programs • Family Team Conferencing (FTC) • Crisis intervention (e.g., Mobile Crisis Response Teams) • Family Finding services |
| IN (Phase II) | IV-E waiver “slots” assigned to children statewide | IV-E-eligible and non-eligible children 0–18 in or at risk of OHP, including Child Welfare and Probation/Delinquency cases | Statewide | State guided, with local offices assigning waiver slots and approving requests for flexible funding based on State guidelines and policies | <ul style="list-style-type: none"> • Case-specific time-limited “hard” goods and services |
| NC (Phase II) | Capped allocations to counties | IV-E-eligible and non-eligible children 0–17 at “imminent” risk of or already in OHP through the child welfare system | 38 out of 100 counties throughout the State | County driven; Counties develop proposals for use of their IV-E allocations subject to State approval | <ul style="list-style-type: none"> • Family Team Meetings (FTMs) • Respite care • Case-specific “hard” good and services • Subsidized guardianship |
| OH (Phase II) | Capped allocation to counties | IV-E-eligible and non-eligible children 0–17 in or at risk of OHP, including Child Welfare and Probation/Delinquency cases in some counties | 18 out of 88 counties throughout the State | County-driven, with guidelines and management provided by oversight board of county directors and State officials (the ProtectOhio Consortium) | <ul style="list-style-type: none"> • FTMs (18 counties) • Structured Visitation (SV) (11 counties) • Kinship Supports (6 counties) • Enhanced MH/SA Services (4 counties) • Managed Care Strategies (1 county) |
| OR (Phase II) | Capped allocations to State child welfare districts and Tribes | IV-E and non-IV-E eligible children 0–18 in or at risk of OHP through the child welfare system | Statewide & Tribes with title IV-E Agreements with the State | Locally driven, with Tribes and State child welfare branches developing plans for use of their IV-E allocations subject to DHS Central Office approval | <ul style="list-style-type: none"> • Family Decision Meetings (FDM) • Enhanced Visitation Services (EVS) • Subsidized Guardianship • Other post-permanency, maltreatment prevention, and crisis-intervention services |

waiver extension on a narrower range of discrete programs (e.g., Family Team Meetings, Supervised Visitation), while Oregon has similarly narrowed its third five-year waiver demonstration to just two programs (Parent Mentoring and Enhanced Visitation). Newer waiver States such as California and Florida have a stated focus on the development or enhancement of child welfare programs; the extent to which this has occurred is explored in more detail later in this synthesis. In keeping with its model of capitated IV-E “slots”, Indiana has used its flexible funds exclusively for the purchase of case-specific goods and services. North Carolina adopted a compromise approach that allowed county child welfare agencies to decide whether to utilize their capped IV-E allocations mainly for program development and local reform initiatives or for the provision of case-specific goods and services. In addition, North Carolina (along with Oregon) included subsidized guardianship as a service component available under its broader flexible funding waiver demonstration.

Locus of Control

A third factor involves the locus of control over waiver funding, i.e., the extent to which the State or a local child welfare jurisdiction has decision-making authority regarding the use of flexible funds. Traditionally, the locus of control for most waiver demonstrations has resided with counties or other local child welfare bodies (e.g., State child welfare districts and “branches” in Oregon), with the State’s role focused on setting allocation formulas, approving plans for the use of waiver funds, monitoring spending, and ensuring compliance with the State’s waiver Terms and Conditions. More local control generally means more financial risk for local child welfare agencies.

Local control is perhaps strongest in the two newer waiver States of California and Florida, which have highly decentralized child welfare systems and thus give local jurisdictions the greatest autonomy in making decisions regarding the use of flexible funds. In Florida, this devolution of authority is strengthened further by its largely privatized child welfare system, in which private non-profit and public Community-Based Care (CBC) Lead Agencies are responsible for the local provision or purchase of most child welfare prevention, diversion, and case management services (in most instances, responsibility for child maltreatment investigations still resides with the State). Local control is somewhat weaker in Indiana, which shifted from a county-administered child welfare system to a state-administered system in 2005 through the creation of a cabinet-level Department of Child Services (DCS), with the transition process completed by the end of 2008. Greater centralization has led to stricter State guidelines regarding the use of title IV-E dollars; however, Indiana’s waiver allows local DCS offices to bypass these stricter guidelines to some degree and to maintain considerable control over the assignment of cases to waiver slots. Although it has a decentralized county-administered child welfare system, counties in Ohio have voluntarily imposed some restrictions on the local use of flexible funds through the creation of a statewide waiver steering committee known as the ProtectOhio Consortium. Comprised of representatives from county child welfare agencies and officials from the Ohio Department of Job and Family Services (ODJFS), Consortium members agreed to focus the use of flexible funds by participating counties during Ohio’s Phase II waiver demonstration on a more limited set of innovative child welfare programs.

Eligibility Criteria

The eligibility criteria for receiving waiver-funded services are fairly similar across all States, with all demonstrations targeting the families of both title IV-E-eligible and non-eligible children of any age in

or at risk of out-of-home placement (California’s demonstration includes youth as old as 19). States do vary in the extent to which their demonstrations include children under the legal supervision of State or local juvenile justice authorities. In Indiana, for example, delinquent wards represent a small but significant minority of cases served through that State’s waiver demonstration (approximately 11 percent as of June 2010). Small but meaningful numbers of delinquent youth also receive waiver-funded services in Alameda and Los Angeles Counties under California’s waiver, as well as in some participating counties under Ohio’s demonstration.

Flexible Funding and State Child Welfare Reform

The role of flexible funding waivers in the broader context of statewide child welfare reform efforts has become more evident in recent years, and was especially highlighted in conversations with key State and local child welfare officials during site visits to the flexible funding States. All active waiver States are currently or have recently enacted varying degrees of child welfare reform, with most efforts focused on the expansion of family-centered case management models and up-front placement prevention and diversion services. For example, FTMs and similar family-driven case management strategies have now become widespread or even mandatory in most States with flexible funding waiver demonstrations, while mechanisms to promote greater inter-agency and inter-disciplinary service coordination (e.g., joint case staffings) are becoming commonplace. In many instances, flexible funds are being used to expand and improve these new casework practices. In California, waiver funds are used to enhance and expand innovative programs that were conceived of and in place prior to implementation of its waiver demonstration, such as the Another Road to Safety foster care prevention program in Alameda County and enhanced cross-system case assessment and planning by the Los Angeles County Probation Department. In general, States perceive title IV-E waivers to be critical facilitators, but not the drivers of these existing reform efforts, with flexible funds serving as one powerful tool to leverage the development or expansion of innovative services.

Evaluations of Flexible Funding Waiver Demonstrations

HHS requires all waiver demonstrations—including long-term extensions—to undergo systematic program evaluations to determine their impact on casework practices, service arrays, and child welfare outcomes. The systemic nature of most flexible funding waiver demonstrations, combined with their integration into broader child welfare reform efforts, has created a number of special evaluation challenges. The major features of the States’ evaluation designs are summarized in Exhibit 3 on the following page.

Research Designs

Because the large scope and systemic nature of most flexible funding waiver demonstrations precludes the use of experimental designs, most States have implemented either “time series” or “comparison site” designs for the evaluation of their demonstrations. Time series designs (used in California and Florida) analyze changes in key outcomes on a statewide or county-wide basis over the course of regular time intervals. In contrast, comparison group/site designs (used in North Carolina, Ohio, and Oregon) measure changes in outcomes among jurisdictions with access to flexible funding (usually counties)

Exhibit 3 – Evaluation Designs of Flexible Funding Waiver Demonstrations

| State | Research Design | Estimated Population/Sample Size | Key Child Welfare Outcomes | Outcomes Linked to CFSR? | Key Data Sources | Main Data Type |
|-------|---|---|---|--------------------------|--|---|
| CA | Time series | An estimated 25,000 children in out-of-home placement in LA and Alameda Counties | <ul style="list-style-type: none"> • Reunification, adoption within 24 mos. of removal • Placement stability • Placement with siblings • Maltreatment recurrence • Foster care re-entry | Y | <ul style="list-style-type: none"> • SACWIS • Interviews and focus groups with key State and county child welfare staff | Aggregate |
| FL | Time series | Estimated number of children in out-of-home placement was 18,534 as of February 2010 | <ul style="list-style-type: none"> • Placement prevention • Reunification, adoption within 12 mos. of removal • Foster care re-entry | Y | <ul style="list-style-type: none"> • SACWIS • Web-based survey of CBCs • Focus groups and interviews with CBC staff | Aggregate with some case-level data components (e.g., surveys) |
| IN | Matched case comparison | 9,699 children in exp. group with matching number in comparison group | <ul style="list-style-type: none"> • Placement prevention • Exits to permanency • Placement duration • Maltreatment recurrence • Foster care re-entry • Child/family well-being | N | <ul style="list-style-type: none"> • SACWIS • Caseworker surveys • Family/caregiver surveys • Case record reviews | Case-level |
| NC | Comparison site with matched case comparison component (PSM) | <p><u>Prevention Sample:</u> 840 children in exp. counties with a substantiated maltx. report in fiscal year (FY) 2002–03 vs. 840 matched children from comp. counties.</p> <p><u>Permanency Sample:</u> 400 children in exp. counties w a first out-of-home placement in FY 2002–03 vs. 400 matched children from comp. counties</p> | <ul style="list-style-type: none"> • Placement prevention • Placement duration • Exits to permanency • Maltreatment recurrence • Foster care re-entry | N | <ul style="list-style-type: none"> • State child welfare info. system • Case record reviews • Web-based surveys of county child welfare administrators • Quarterly reports sent by counties to State | Aggregate with some case-level data components (e.g., case record reviews, surveys) |
| OH | Comparison site | Administrative data analyzed for 286,485 children aged 13 or younger with an initial maltreatment investigation between FYs 1994–2006, as well as 123,300 children with an initial out-of-home placement between 1991 and 2009. | <ul style="list-style-type: none"> • Placement prevention • Placement duration • Exits to permanency • Placements with relatives/kin • Maltreatment recurrence • Foster care re-entry | N | <ul style="list-style-type: none"> • SACWIS • Web-based surveys of county and provider staff • Telephone interviews w/ State and county child welfare staff • Case record reviews • Structured observations | Case-level analysis for most evaluation components |
| OR | Comparison site with descriptive & matched case comparison components | <p><u>Subsidized Guardianship (SG):</u> 986 cases exiting to SG between 2002 and 2006</p> <p><u>Enhanced Visitation Services:</u> 142 cases (72 in exp. group and 70 from comparison counties of Jackson and Clatsop)</p> | <ul style="list-style-type: none"> • Exits to permanency • Placement duration • Placement stability • Maltreatment recurrence • Foster care re-entry | Y | <ul style="list-style-type: none"> • SACWIS • Case record reviews • Interviews with State and county child welfare administrators • Web-based caseworker survey | Aggregate with some case-level data components (e.g., surveys, case record reviews) |

against changes in outcomes among jurisdictions without access to flexible funds. For the past 13 years Indiana has implemented perhaps the most methodologically rigorous evaluation, which involves a matched case comparison design in which each child assigned to the waiver is matched with a child not assigned to the waiver using a set of demographic, geographic, and case-related variables (e.g., maltreatment risk level, placement status); this design most closely approximates an experimental design because matched cases share many of the characteristics of the demonstration children assigned to a waiver slot. To improve the power of their evaluations, some States have incorporated more rigorous designs into certain components of their demonstrations, such as propensity score matching (PSM) in North Carolina and matched case comparisons for the EVS component of Oregon’s waiver demonstration. These sub-studies often involve the collection of primary case-level data from samples of children and families drawn from the broader child welfare or foster care populations targeted by the waiver demonstrations.

Outcome Measures

As outlined in Exhibit 3, most States’ evaluations focus on a core set of major child welfare outcome measures. Outcomes most frequently studied include exits to permanency and foster care re-entry (all six States), followed by maltreatment recurrence (five States), placement prevention (four States), and placement duration (four States). Other outcomes of interest include placement stability (studied by California and Oregon); the appropriateness/restrictiveness of placements, e.g., placements with relatives, kin, or siblings (studied by California and Ohio); and child and family well-being (studied by Indiana). Three States (California, Florida, and Oregon) have operationalized some of these outcomes using definitions from the Federal CFSR process, for example, the proportion of children reunified within 12 months of foster care entry. For these States, CFSR indicators serve as both standardized measures of key child welfare outcomes and provide an opportunity to demonstrate the potential role of flexible funding in meeting Federal requirements for child protective, foster care, family preservation, and other child welfare services.⁸

Evaluation Challenges

Many of the methodological challenges that affected the evaluations of the first round of waiver demonstrations in the late 1990s and early 2000s still impact active demonstrations. Some of the most persistent challenges, and States’ most recent efforts to address them, are highlighted below:

Evaluating a funding mechanism rather than a program – One of the unique challenges facing evaluators of flexible funding waiver demonstrations from the beginning has been the identification of an appropriate design for evaluating a “funding mechanism” rather than a discrete program or service. Rather than being a child welfare program in its own right, a flexible funding waiver is simply a financial tool that is used to pay for a range of assistance for at-risk families, including (as described earlier) time-limited “hard services” as well as new or expanded “soft” services and programs. Because flexible title IV-E dollars are often combined with money from many other funding sources, it is difficult to determine exactly which interventions have been implemented using flexible funding and the extent to which title IV-E

⁸See Appendix A (Glossary of Terms) for brief definitions of these key child welfare outcomes.

dollars alone have affected observed outcomes. This problem is compounded by the comparison site design employed by some States, which renders the isolation of unique waiver effects especially difficult. For example, although comparison counties in States like Ohio and Oregon do not have access to flexible IV-E dollars, they can and have used other funding sources (e.g., local tax levies and contributions from private foundations) to develop services that are similar to those provided in experimental counties.

Use of non-experimental research designs – Although the systemic nature of the flexible funding waiver demonstrations renders the implementation of experimental research designs less feasible, the trade-off has been a general inability to draw causal inferences regarding the impact of waiver-funded services. Absent random assignment, it is nearly impossible to distinguish the effects of flexible funding waiver demonstrations on observed outcomes from the effects of other initiatives, or from broader social, economic, and demographic variables. Indiana’s evaluation has achieved somewhat greater explanatory power by implementing a matched case comparison design that matches children assigned to a waiver slot with children that have very similar characteristics. As noted earlier, other States have attempted to improve the power of their evaluations in more recent years by implementing more rigorous research designs for certain components of their waiver demonstrations, as exemplified by the use of matched case comparisons in Oregon, propensity score matching in North Carolina, and counterfactual imputations in Ohio to estimate outcomes in the absence of the waiver.

Reliance on aggregate data – The weaknesses inherent in non-experimental research designs are exacerbated when statistical analyses rely on aggregate data (e.g., summary data for an entire county) rather than on case-level data. As is evident from Exhibit 3, most States have relied predominantly or to a significant extent on aggregate data to conduct their analyses. With aggregate data it becomes more difficult to isolate the effects of waiver-funded services from other factors that could be operating at the case level, while the effects of macro-level forces (e.g., socio-economic phenomena) cannot be differentiated in the observed outcomes. To address the shortcomings of an over-reliance on aggregate data, most States’ evaluations have expanded or added one or more components that involve the analysis of case-level data, or (as in the case of Florida) have included in-depth cases studies of selected programs that are implemented using flexible title IV-E funds.

Articulating a theory of change – The original flexible funding States sought to test the benefits of flexible funding *per se* on child welfare outcomes. In other words, rather than testing a specific intervention or service the States hypothesized that the very availability of flexible funding at the local level would lead to better permanency outcomes for children at reduced or equal cost. This assumption, however, “skips a step” in a waiver demonstration’s theory of change by not establishing logical connections between funding sources, services, and desired child welfare outcomes. The lack of direct linkages between specific interventions and observed changes in permanency, safety, or well-being is still problematic for many of the more recent waiver demonstrations, particularly those that focus on tracking changes in outcomes over time using aggregate data. In response, some States now frame their theories of change in terms of the impact of flexible funding itself on the size and scope of the child welfare service array, while focusing the measurement of child welfare outcomes on specific programs. This approach

is evident, for example, in Oregon’s sub-study of EVS or in Ohio’s decision to focus its demonstration on a core set of programs and services.

Defining “at risk” of placement – Children “at risk” of entering out-of-home placement are included in the target populations of all active and past flexible funding waiver demonstrations; however, no State has fully succeeded in operationalizing the concept of placement risk, i.e., identifying the factors that are most consistently predictive of entering placement. The inclusion of children in the demonstrations who may be in need of services, but who ultimately are not likely to be placed, diminishes the power of the States’ evaluations to demonstrate placement avoidance. The wider adoption in recent years of actuarial risk assessment tools such as Structured Decision Making (which is in the process of being implemented in Indiana and has been introduced in selected jurisdictions in California, Florida, and Ohio) may begin to improve the identification of children who are at the most imminent risk of placement and who could most fully benefit from placement prevention services.

Implementation fidelity – Several States’ evaluations documented problems with maintaining fidelity to the core features of certain waiver-funded programs, for example, FTMs in Ohio and EVS in Oregon. These States described instances in which local jurisdictions struggled to implement key program components or service standards, or in which jurisdictions ended up implementing programs that looked very different from one another. Inconsistent implementation in these cases has made it difficult to identify a coherent and stable program that can be tracked reliably over time. Although expanded training programs for child welfare staff have mitigated some fidelity issues, States have continued to face many challenges with implementing some of their signature programs, including staff commitment to the process; recruiting and retaining qualified staff; managing limited resources; and ensuring the participation of families and other relevant stakeholders.

Design contamination – Compounding issues with implementation fidelity, the availability of services for non-waiver families that closely resemble waiver-funded services has further undermined States’ capacity to differentiate the unique impact of their flexible funding demonstrations from other programmatic, policy, and contextual factors. For example, over half of the comparison counties in Ohio provided services that were similar in one or more respects to the ProtectOhio FTM model, while Oregon discontinued its special study of FDMs in part because cases in comparison jurisdictions had also received FDMs. Similarly, the availability of waiver-funded goods and services for cases assigned to a waiver “slot” in Indiana did not prevent unassigned children from receiving similar goods and services from other (albeit more limited) sources.

Summary of Process Evaluation Findings

The quantity and quality of evaluation data on flexible funding waiver demonstrations has expanded in many cases since the first synthesis on this subject was written in 2005, both due to the implementation of new demonstrations (in California and Florida) and to the continuation and refinement of evaluations implemented as part of the “Phase II” waiver demonstrations in Indiana, North Carolina, Ohio, and Oregon. These updated evaluations have been further

enhanced and corroborated by information gathered through site visits and telephone conferences held with representatives from all States with active flexible funding waiver demonstrations. The most recent evaluation findings from the States regarding the impact of flexible funding on child welfare policies, practices, service array, outcomes, and expenditures are summarized in the following sections.⁹

Utilization of and Participation in the Waiver Demonstrations

As the first group of waiver States discovered a decade ago, the mere availability of flexible IV-E funds is not always sufficient to guarantee active participation in a demonstration by local jurisdictions. Historically, reasons given by local child welfare agencies for not making greater use of flexible funds include confusion regarding policies and procedures governing the use of flexible funds, increased staff workloads, and concerns about the potential financial risks of spending title IV-E funds on non-placement programs and services. In general, the intensity and diffusion of waiver usage appears to depend largely on the strength, vision, and commitment of local child welfare leadership, as well as on the creation of processes at the State level to encourage the utilization of funds. For example, during its Phase II demonstration, Indiana created a network of waiver “champions,” who were usually local child welfare officials that were recruited to disseminate information regarding the waiver demonstration and to provide training and technical assistance on topics such as title IV-E claiming and the appropriate use of flexible funds. Indiana’s efforts to increase waiver participation enjoyed some success, with the number of counties identified as high users of flexible funds (known as “program counties”) increasing from 25 at the end of its first demonstration in 2002 to 36 counties by the end of 2007. In contrast, the experience of Oregon during the first two years of its Phase II demonstration—during which it lost key State managers responsible for waiver implementation and witnessed a commensurate increase in program “drift” and uneven project implementation across local child welfare branches—highlights the likely outcome of insufficient engagement and managerial oversight.

Knowledge of and Training Regarding Waivers

Knowledge of flexible funding waivers is not limited to senior State and county child welfare officials; rather, discussions during the 2010 site visits revealed that most personnel from all organizational levels, including front-line staff from child welfare agencies and contracted service providers, have at least a general understanding of the goals and constitution of their States’ respective waiver demonstrations, i.e., that they allow for the expanded use of title IV-E dollars for programs and services other than foster care maintenance and administration. As would be expected, in-depth knowledge regarding the details of waiver implementation and policy-making is far more common among managers, high-level administrative officials, and fiscal staff. With a few exceptions, most stakeholders reported having participated in no formal trainings or orientations regarding their States’ waiver demonstrations. Instead, most information dissemination regarding waivers occurs informally through on-the-job training, staff meetings, and business communications such as memoranda and e-mails. High worker turnover means that many front-line staff in some States had no experience with their agencies prior to

⁹See Appendix B: Online Links to State Evaluation Reports, for more detailed information regarding process and outcome findings from the States’ respective flexible funding waiver demonstrations.

waiver implementation; consequently, for many of these staff the permeation of the flexible funding concept into discussions regarding case practice and service delivery represents “business as usual” rather than a new development. Despite the general lack of training regarding the waiver demonstrations *per se*, flexible funds have been used widely by many States to pay for staff training on waiver-funded programs and services, which are described more fully in the following section.

Impact on Program Development and Service Array

A range of stakeholders across States that participated in the 2010 site visits credited the availability of flexible title IV-E funds with an expansion in the number and diversity of programs and services available to targeted children and families. Exhibit 4 on the following page illustrates the range of general waiver-funded programs, as well as case-specific goods and services that were documented during site visits or by the States in their most recent evaluation reports. Senior State and local child welfare officials report that the development or expansion of programs and services is generally driven by local needs and priorities, although most new initiatives focus predominantly on placement prevention/diversion and expedited reunification.

Within the category of time-limited case-specific goods and services, the most common forms of assistance purchased with flexible funds include food and clothing, rental/housing assistance (e.g., payment of rental deposits), utility assistance (e.g., electric and phone bills), other household goods (e.g., cribs, child beds), legal assistance (e.g., attorneys’ fees to process a transfer of legal custody), transportation assistance/car repairs, and child care/day care. Within the category of new or expanded programs, the most common examples include family-centered case management models, enhanced/supervised visitation programs, kinship/aftercare support, intensive placement prevention services, intensive family finding and engagement programs, and respite care. In most cases, States reported that flexible IV-E funds go directly to paying the salaries of staff hired to implement these new or expanded programs.

Claims that waiver funds have increased the quantity and array of services available to targeted families are directly corroborated by evaluation findings from some States. For example, findings reported in the final report for Indiana’s Phase II waiver demonstration suggest that the families of children assigned to waiver slots received certain goods and services at significantly higher levels than matched comparison families, specifically family preservation services, household goods, homemaker services, transportation, housing assistance, money management training, life skills training, and childcare. In Florida, 16 out of 20 CBC Lead Agencies reported an expansion of their prevention and diversion services between the start of waiver implementation and the 2008–2009 State Fiscal Year, with 13 implementing FTC programs of which 7 were newly created using flexible title IV-E funds. 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 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

Exhibit 4 – Title IV-E-Funded Programs, Services, and Supports Documented by States

| Program/Service | CA | FL | IN | NC | OH | OR |
|---|-----------|-----------|-----------|-----------|-----------|-----------|
| Time-Limited Case-Specific Purchased Goods and Services | | | | | | |
| Food or clothing | • | • | • | • | • | |
| Rental/housing assistance | • | • | • | • | • | |
| Utility assistance (e.g., heating, electric, phone bills) | • | • | • | • | • | |
| Other household goods (e.g., cribs, child beds) | • | • | • | • | • | |
| Legal assistance (e.g., attorney’s fees for a transfer of custody) | • | • | • | • | • | |
| Child care/day care | | • | • | • | • | |
| Transportation assistance/car repairs | | • | • | • | • | |
| Mental health assessments/therapeutic services | | | • | • | • | |
| Employment/job training assistance | | • | • | • | | |
| Other classes/educational services (e.g., money mgt. classes) | | • | • | • | | |
| Substance abuse treatment services | | • | • | • | | |
| Life skills training/mentoring services | | • | • | • | | |
| Parenting education/assistance | | • | • | • | | |
| Homemaker assistance (e.g., cleaning services) | | | • | • | | |
| Medical/dental care | | | • | • | | |
| Housing repairs | | | • | | | |
| New or Expanded Programs and Initiatives | | | | | | |
| Family-centered case management models (e.g., FTMs, FDMs, FTCs) | • | • | | • | • | • |
| Kinship/aftercare support services | • | • | | • | • | • |
| Enhanced/supervised visitation programs | • | • | | • | • | • |
| Respite care programs | • | • | | • | • | • |
| Family finding/kin location and engagement services | • | • | | | • | • |
| Intensive placement prevention services (e.g., Mobile Crisis Response Teams) | • | • | | • | | • |
| Mental health, domestic violence, and mental health assessments | • | • | | | • | |
| Independent Living Services (ILS) for youth aging out of foster care | | • | | • | | • |
| Intensive therapeutic services (e.g., MST, FFT) | • | | | | • | • |
| Parent training/mentoring programs/life skills programs | | • | | | • | • |
| Domestic violence support/prevention | | • | | | • | • |
| Advocacy/outreach programs (e.g., housing, education, mental health, substance abuse) | • | • | | | | • |
| Intensive engagement of courts to expedite permanency | • | • | | | | |
| Foster/adoptive family recruitment and training | | • | | • | | |
| Subsidized guardianship | | | | • | | • |
| Enhanced mental health/substance abuse service programs | | • | | | • | |
| Intensive treatment/multi-dimensional treatment foster care | • | • | | | | |
| Culturally appropriate services for American Indian Youth/Families | | | | | | • |
| Total # of Programs and Services Documented | 16 | 27 | 16 | 23 | 19 | 13 |

comparison counties in the overall availability of supervised visitation, kinship, mental health, and substance abuse services. As discussed later in this synthesis, more title IV-E resources and greater program fidelity did not always translate into significant positive outcomes.

Innovative Programs and Services

As noted earlier in this synthesis, one of the stated goals of Federal title IV-E waivers is to encourage the creation and expansion of “innovative” child welfare programs, which include efforts to transcend traditional child welfare investigatory, family engagement, case management, and therapeutic practices in favor of new approaches that better promote child safety, permanency, and well-being. Since States have utilized flexible IV-E funding within the context of broader child welfare reform efforts, they have leveraged the discretion afforded by their waivers to implement a wide range of programs that are often regarded as “innovative” from the standpoint of traditional child welfare practice. The concept of innovation in the context of waivers is somewhat ambiguous given that some of these programs have been in existence for two or more decades; however, a program that has existed in other States for many years may be regarded as “innovative” by a State that is implementing it for the first time under a waiver. Exhibit 5 on the following page summarizes some of the most common innovative programs implemented by States with flexible funding demonstrations and indicates the level of empirical support that exists to corroborate their effectiveness.¹⁰ As can be seen from the exhibit, emerging but limited empirical evidence exists to support the effectiveness of many programs that have been widely employed, such as family-centered case management models like FTM. A few programs—especially therapeutic case management models such as MST—have a stronger evidence base to substantiate their efficacy.

Gaps in Service Arrays

Despite some evidence of growth in programs paid for with flexible IV-E funds, stakeholders across the States identified several major gaps in the array of services available to at-risk children and families, especially in the areas of substance abuse prevention/treatment, mental health/therapeutic services, and DV prevention and treatment. A general observation among stakeholders is the lack of community capacity to provide services in these areas due either to a lack of contracted providers and other service organizations, or to the overwhelming scope and intensity of communities’ needs for these services. Although in principle flexible IV-E funds could be used to address these needs (and were used to a limited extent for these purposes in

¹⁰Effectiveness ratings are adapted from the Scientific Rating Scale developed by the California Evidence-Based Clearinghouse for Child Welfare (<http://www.cebc4cw.org>). A rating of “high” indicates that at least two peer-reviewed randomized controlled trials in different practice settings have found the practice to be superior to an appropriate comparison practice. A rating of “medium” indicates that at least one peer-reviewed rigorous randomized controlled trial in a usual care or practice setting has found the practice to be superior to an appropriate comparison practice. A rating of “emerging” indicates that at least one peer-reviewed study utilizing some form of control (e.g., an untreated comparison group, matched wait list) has established the practice’s benefit over a placebo, or found it to be comparable to or better than an appropriate comparison practice. A rating of “unknown” indicates that no peer-reviewed studies could be found that utilize some form of control to establish the practice’s benefit over a placebo, or that find it to be comparable to or better than an appropriate comparison practice.

Exhibit 5 - Summary of Selected Innovative Programs

| Category | Name | Description | States Implemented | Evidence of Effectiveness |
|--|---|--|------------------------------|----------------------------------|
| Family-Centered Case Management Models | Family Team Meetings, Family Team Conferences, Family Decision Meetings | Group of family-centered case management models that convene immediate family members, social service professionals, and other important support resources (e.g., friends, extended family) to jointly plan for and make crucial decisions regarding a child in or at risk of placement. Meetings are generally voluntary and run by trained facilitators. | FL, NC, OH, OR | Emerging |
| | Team Decision Making (TDM) | Similar to other family-centered case management models, but with a specific focus on decision-making regarding a child's placement. TDMs are generally mandatory and are held before every placement-related decision. | CA (Los Angeles County only) | Unknown |
| Parent Training/Education Programs | Nurturing Parent Programs | Curriculum-based programs that target families at risk of or with a substantiated maltreatment report. Program sessions offered in group-based and home-based formats ranging from 12 to 48 sessions. Curriculum emphasizes development of age-appropriate expectations; empathy and self-worth in parents and children; nurturing, non-violent disciplinary techniques; and positive patterns of communication. | FL | Emerging |
| | Parenting with Love and Limits | Combines group and family therapy to assist families of children aged 10–18 with severe emotional and behavioral problems. Emphasis is on teaching parents how to re-establish adult authority through consistent limits while reclaiming a loving relationship. Includes six multi-family sessions conducted by facilitators that employ group discussions, videotapes, age-specific breakout sessions, and role-play. Individual families also receive intensive 1–2-hour therapy sessions in an outpatient or home-based setting to practice skills learned in the group setting. | FL | Emerging |

| Category | Name | Description | States Implemented | Evidence of Effectiveness |
|---|--|---|--------------------|---------------------------|
| Placement Prevention/ Diversion Services | Differential/Alternative Response | Seeks to prevent removal of children at moderate to high risk of placement through intensive case management services provided by a specially trained Family Advocate with support from a team of mental health, substance abuse, and child development professionals. Families may receive assistance through the purchase of basic necessities that support the child and family's well-being. (e.g., utilities, cribs, car seats). | CA | Emerging |
| | Mobile Crisis Response Team | Team of specially trained workers available 24/7 to address immediate family crises that place children at risk of placement. Service is available to a family for 60 days after its child welfare case is opened. | FL | Unknown |
| Post-Permanency/ Aftercare Programs | Kinship Navigator/Support Programs | Helps kin caregivers establish or maintain self-sufficiency and long-term stability necessary to prevent removal of children in their care. A designated worker connects kin caregivers to a range of community resources, such as health, financial, and legal services; support groups and parent training; and emergency funds. Workers also assist caregivers in applying for Federal and State benefits (e.g., Food Stamps). | OH | Unknown |
| Relative Search/ Permanency Support | Family Finding Program | Permanency model that uses a range of search techniques (including Internet-based tools) to identify relatives, friends, and other caring adults who can serve as sources of support and potential placement/permanency resources for youth in out-of-home placement. | CA, FL | Unknown |
| Resource Family Training | Model Approach to Partnerships in Parenting (MAPP) | Resource family training and selection program that incorporates family and individual assessment and developmental tools. Components include group meetings to develop communication skills and assess families' commitment to the foster care/adoption process; private consultations between a MAPP trainer and the prospective resource family to discuss the family's strengths, progress, and needs; and a professional development plan to guide a family's direction and growth as a resource family. | FL | Unknown |

| Category | Name | Description | States Implemented | Evidence of Effectiveness |
|---|---|---|--------------------------------------|---------------------------|
| Therapeutic/ Clinical Case Management Models | Functional Family Therapy | Strength-based, short-term family intervention program for at-risk youth ages 10 to 18 with behavioral and substance use issues. Involves an average of 12 sessions over a 3–4 month period. Services are provided in both clinic and home-based settings, as well as in schools, child welfare facilities, and mental health facilities. | CA (Los Angeles County only) | Medium |
| | Multi-Dimensional Treatment Foster Care | Treatment foster care model for children 12–18 years old with severe emotional and behavioral disorders and/or delinquency that places youth with families rather than in group or institutional settings. Key elements include a consistent reinforcing environment in which youth are mentored and encouraged to develop academic and positive living skills; daily structure with clear expectations and limits; close supervision of youth’s whereabouts; and activities to help youth avoid deviant peer associations while building positive pro-social peer relationships. | CA (Los Angeles County only) | High |
| | Multi-Systemic Therapy | Intensive family and community-based treatment model for serious juvenile offenders with possible substance abuse issues and their families. Goals are to decrease youth criminal behavior and prevent out-of-home placement. Features include integration of empirically based therapeutic techniques to address risk factors across family, peer, school, and community contexts; promotion of behavior change in the youth's natural environment; and rigorous quality assurance mechanisms that focus on achieving outcomes by maintaining treatment fidelity and overcoming barriers to behavior change. | CA (Los Angeles County only), FL, OH | High |
| Visitation Programs | Enhanced/Supervised Visitation | Designed to provide safe and structured environments for children and their biological parents to have court-ordered visits. Generally managed by a trained specialist who observes and reports on interactions between children and adult(s). Specialist may engage in parent coaching or skill building during visits. Often held in special centers or other more “natural” settings outside of a CWS agency office. | CA, NC, OH, OR | Emerging |

some States), the available funds were generally regarded as insufficient to make a significant impact on such deep and intractable social problems. To date, Ohio is the only State that has attempted to systematically address gaps in substance abuse and mental health services in selected counties through the investment of flexible IV-E funds, although the available evidence suggests that the State's waiver demonstration has had no measurable impact on the availability of resources in these areas.

Impact on Child Welfare Laws, Policies, and Procedures

Although waivers have served as a catalyst for the introduction or enhancement of programs and services, they are generally not tied to changes at the State or local level in laws, child welfare agency organization or structure, or agency policies and procedures. Large-scale structural reforms have occurred in recent years in some waiver States (most notably in Florida and Indiana) but have occurred independently from waiver implementation. However, most flexible funding waiver demonstrations have required State legislative approval to proceed, and many have required the establishment or amendment of inter-agency agreements between States and counties and/or between local child welfare jurisdictions and contracted service providers. Most States and local jurisdictions have also implemented several changes to fiscal policies and procedures, most notably involving modifications to budgeting and cost allocation methodologies, financial claiming and reporting procedures, and procedures for reimbursing counties. In all States, the waivers have required at least minor modifications to State or local accounting systems to properly track and account for the disbursement and use of flexible funds.

Impact on Casework Practice

In general, the most significant organizational impacts of the flexible funding waiver demonstrations appear to have occurred at the level of child welfare case practice. The demonstrations have provided the impetus behind the development of formal practice standards and the introduction of mandatory staff training for certain waiver-funded programs (e.g., FTMs in Ohio, the Emergency Response case management process in Los Angeles County). During site visits, front-line case managers and supervisors from several States remarked on the perceived positive effects of waiver demonstrations on day-to-day work routines and overall work quality. For example, many stakeholders credited the demonstrations with lowering caseloads due to both the increased hiring of new caseworkers and to the decline in out-of-home placement populations that has occurred as a result of expanded prevention and diversion programs. Lower caseloads have allowed staff to adopt a more proactive and less crisis-driven approach to child welfare case management and have improved service quality by affording staff more time to conduct home visits, complete comprehensive needs assessments, make service referrals, and develop case plans. Efforts to reduce caseloads have sometimes been accompanied by changes in caseload management practices, for example, the adoption of a "one case, one worker policy" in one Ohio county to eliminate disruptive transitions of cases to other workers and improve service continuity.

Front-line staff from several child welfare agencies and contracted service providers also expressed satisfaction with the reduced paperwork and reporting requirements that came into effect following waiver implementation, for example, the elimination of 100-percent time

reporting and random moment sampling. In States such as Florida, the waiver has helped CBCs to simplify the IV-E eligibility determination process. Streamlining these administrative tasks has decreased paperwork burdens on front-line staff, which in turn has freed up additional time for direct case management and family engagement activities.

Flexible funding waiver demonstrations have not been universally credited with reducing administrative burdens on front-line staff. In Indiana, for example, a title IV-E eligibility determination must still be completed before any child is assigned to a waiver slot as part of the State's ongoing efforts to maintain the cost neutrality of its demonstration. Delays in completing a child's eligibility determination—which may on occasion extend into several weeks or months—have sometimes occurred when a family case manager lacks adequate information on a child's IV-E eligibility status to complete a determination. In addition, the creation of a centralized child welfare financial system in Indiana has contributed to a push for greater accountability—and more limitations—on the use of flexible funds. Stakeholders at both the county level and in Indianapolis expressed concerns that these more restrictive guidelines for utilizing flexible funds could hinder efforts by caseworkers to use the waiver in creative ways that best meet families' needs. In response, Indiana has established an appeals process to accommodate requests for waiver expenditures that fall outside of the State's established policies governing the use of title IV-E funds.

Across several States, the overall downward trend in the size of child welfare caseloads has in some instances had the unintended consequence of creating more complex and difficult caseloads. Specifically, as States' efforts to divert children with less pressing and severe needs from out-of-home placement or ongoing case management have succeeded, those children remaining on workers' caseloads tend to have more challenging issues (e.g., developmental disabilities, medical and behavioral needs) and are harder to place (which is especially true for older youth). The task for States confronting this situation is to channel flexible IV-E funds towards appropriate placement resources and supportive services that can best meet the needs of these more “difficult to place” children.

Impact on Service Partnerships and Interagency Collaboration

Across all participating States the waiver demonstrations are widely perceived as having strengthened partnerships and collaborative activities among State and local child welfare agencies, other government entities, and community-based organizations. The spending flexibility afforded by the waivers is regarded as the critical ingredient in the growth of these cooperative relationships, since flexible funds provide more opportunities for child welfare agencies to work with other bodies in creative ways that promote the safety and well-being of families. Inter-governmental and joint public-private initiatives are representative of these heightened collaborative efforts. In Florida, for example, certain waiver-funded initiatives such as the co-location of prevention/diversion workers at State Child Protection Investigation offices and the establishment of Integrated Practice Teams are described as having fundamentally altered the nature of State-contractor relationships as well as of child welfare practice in Florida more broadly. In California, the involvement of child welfare and probation staff in Multi-Disciplinary Teams that coordinate placement decisions for youth in the juvenile justice system

is a hallmark of inter-agency collaboration inspired at the local level by the availability of flexible IV-E funds.

Flexible funds have also been used to strengthen reform initiatives that originated independently from the waivers. For example, the Annie E. Casey Foundation's Family-to-Family Initiative in California serves as the foundation for the new child welfare goals and practice philosophy that are exemplified by many waiver-funded programs in Alameda and Los Angeles Counties. In Indiana, the Department of Child Services' Regional Councils play an indirect but important role in waiver decision-making by discussing the needs of counties in their respective service areas and by making decisions regarding the purchase of services and renewal or establishment of service contracts. The New Town Success Zone initiative in Jacksonville, Florida serves as another example of an inter-agency project that leverages the waiver resources of one CBC Lead Agency, a local college, an urban community center, the local Sheriff's Department, and a network of community organizations to address the health and human service needs of one economically and socially distressed community in Jacksonville.¹¹

Impact on Contracted Service Providers

Although flexible funding waiver demonstrations are perceived in a positive light by most contracted service providers working with State and local child welfare agencies, they have also created new challenges for them. On the one hand, programs implemented using flexible funds have created more opportunities for staff from contracted service agencies to become involved in case planning and decision-making through FTMs and similar multi-disciplinary case management activities. In the wake of their greater engagement and participation in service planning and delivery, representatives from many contracted providers report that they now view government child welfare agencies as "part of the community" rather than as separate and adversarial entities.

On the other hand, competition for business contracts with State and local child welfare agencies has intensified as child welfare caseloads and out-of-home placements have declined. Increased competition has in turn allowed States and local jurisdictions to become more selective in screening and vetting providers and to demand more and higher quality services. Contractors have adapted to these pressures by offering a wider array of services that are in higher demand as a result of waiver-funded reform initiatives, such as respite care and placement prevention programs. As the CEO of one service provider described it, the greater focus on improved outcomes and accountability that followed waiver implementation has compelled contractors to remain "relevant" by providing services that respond to identified family needs rather than simply providing "what they can get paid for." In Florida, the flexibility afforded by its waiver has allowed CBC Lead Agencies to experiment with alternative business models. For example, one CBC has adopted a "flat fee" model in which contractors provide a specific service for a fixed price regardless of the number served, a change that has spurred the contractors to become more efficient and outcomes-focused in their approach to service delivery.

¹¹More information regarding the New Town Success Zone is available online at: www.newtownsuccesszone.com.

Implementation Barriers and Challenges

The implementation of flexible funding waiver demonstrations has not occurred without difficulties, and changes in the scope, variety, and intensity of waiver-funded programs over time have been accompanied by new challenges and obstacles. Exhibit 6 on the following page summarizes the diversity of implementation challenges documented by the States both through their most recent evaluation reports and during the 2010 site visits. The challenges can be grouped into four general categories: (1) programmatic factors, i.e., personnel and workload issues that directly affect the implementation of waiver-funded programs and services; (2) organizational factors, i.e., leadership, structural, and resource constraints; (3) inter-organizational factors, i.e., communication, structural, and resource issues that affect the capacity of child welfare agencies to partner with other organizations in providing waiver-funded services; and (4) client/case-level factors, i.e., family characteristics and circumstances that blunt the effectiveness of waiver-funded services. Some of the most significant challenges in each of these categories are described below.

Programmatic Factors

- *Bureaucratic/administrative burdens* – although declines in average caseload sizes have been documented in some waiver States, the implementation of new programs and services inevitably places new responsibilities on staff, for example, increased reporting requirements and mandatory meetings. Existing personnel resources are sometimes inadequate to implement new programs effectively.
- *Stakeholder buy-in to new programs and services* – some caseworkers, child welfare agency partners, the courts, and contracted providers have needed more time to accept the new service philosophy embodied in waiver-funded programs and services. For example, probation staff in California and child welfare workers in Florida with criminal justice backgrounds have been more reluctant to eschew the directive and more punitive approach that characterizes traditional child welfare case management models.
- *Staff recruitment and training* – it has sometimes proved difficult to find qualified staff to implement new programs, particularly in more isolated rural communities. Lagging staff training efforts in some cases have exacerbated problems with implementation fidelity.

Organizational Factors

- *State deficits and budget cuts* – Difficult fiscal climates in all States have reduced the resources available to fully leverage flexible funds and maximize their utility. However, local jurisdictions with access to flexible funds have generally fared better than those without this access because the funds provide a guaranteed and fixed level of Federal funding and reduce reliance on State or local revenue.
- *Need for greater clarity and communication* – Waiver demonstrations were implemented in some States or localities without adequate planning and forethought regarding the best use of flexible funds. For example, feedback from front-line staff and supervisors in Indiana

Exhibit 6 – Implementation Challenges Documented by States¹²

| Challenge/Barrier | CA | FL | IN | OH | OR |
|--|-----------|-----------|-----------|-----------|-----------|
| Programmatic Factors | | | | | |
| Bureaucratic/administrative burdens of new programs and services | ● | ● | ● | ● | ● |
| Gaining buy-in to new programs/services/service models | ● | ● | ● | ● | |
| Recruiting and training qualified staff to implement new programs | ● | ● | | ● | |
| Maintaining fidelity to new program models | | | | ● | ● |
| Integrating new programs into general agency/case management practices | ● | | | ● | |
| Fiscal/budget complexities of the IV-E waiver | ● | ● | ● | | |
| Lack of training/understanding of the waiver | ● | ● | ● | | |
| Difficulties determining eligibility for waiver-funded services | | | ● | | |
| Conflicts among workers regarding the needs and plans for families | | ● | | | |
| Organizational Factors | | | | | |
| Child welfare agency budget cuts/deficits | ● | ● | ● | ● | ● |
| Frequency and clarity of communication | ● | | ● | ● | ● |
| Staff turnover/retention | ● | ● | | ● | ● |
| Large/isolated service areas | ● | | ● | ● | ● |
| Inadequate information management/accounting systems | ● | ● | ● | ● | |
| Limited financial and material resources (e.g., building space, local funds, transportation services) to fully leverage the waiver | | | ● | ● | |
| Lack of fiscal and programmatic oversight/quality control | | | | | ● |
| Inter-Organizational Factors | | | | | |
| Lack of communication between State and counties re: waiver requirements | ● | ● | ● | | ● |
| Limited or no existing collaborative relationships with other organizations (e.g., schools, probation departments, courts) | ● | ● | ● | | |
| Lack of/inadequate supply of contracted services | | ● | ● | | ● |
| Technical problems establishing contracts with service providers | ● | | | | |
| Conflicts between financial interests of contractors and waiver goals | ● | | | | |
| Case/Client Factors | | | | | |
| Unemployment/poverty | ● | ● | ● | ● | ● |
| Substance abuse/mental health issues | ● | ● | ● | ● | ● |
| Inadequate housing/family transience | | ● | | ● | ● |
| Domestic violence | | ● | ● | ● | |
| Cases have more challenging, complex, and severe problems | ● | ● | ● | | |
| Cultural/language barriers | | ● | | | |

¹²North Carolina is excluded from the table since it was not included in the 2010 site visits and did not explicitly document implementation challenges in its final evaluation report.

suggests that the lack of clear guidelines early on from the State regarding allowable uses of flexible funds increased some caseworkers' reluctance to request flexible funds or led them to use the funds in ineffective or inappropriate ways. Misunderstandings among some Indiana caseworkers regarding the appropriate use of flexible funds were substantially mitigated through a series of trainings held throughout the State in 2006 and 2007. Concerns among some county child welfare officials in Indiana, North Carolina, and Ohio about the financial risks of the waivers contributed to the underutilization of flexible funds in some jurisdictions, leading to missed opportunities to develop programs or provide services to at-risk families

- *Staff turnover and retention* – The resignation or transfer of key staff has stymied the effective implementation of flexible funding waiver demonstrations in some States. In Oregon, the loss of the State waiver manager caused a leadership vacuum that contributed to slow and uneven implementation of local waiver-funded programs during the initial years of that State's five-year waiver extension. Similarly, the loss of a full-time waiver coordinator and of several regional waiver "champions" in Indiana undercut the effective utilization of that State's title IV-E waiver.
- *Large and/or isolated service areas* – The impact of even the best-run and funded programs is attenuated when they must be delivered in large geographic areas that have sparsely settled or hard-to-reach communities. Although the problem of geographic dispersion is particularly notable in waiver States with many large rural counties such as Indiana, Ohio, and Oregon even jurisdictions like Los Angeles County in California struggle with this issue due to their sheer size and diversity.
- *Information management and accounting systems* – States have not always enhanced their child welfare information management and accounting systems to adequately support and track waiver provisions. This has sometimes had a negative effect on waiver implementation, including the tracking of waiver funds and documenting the provision of up-front prevention and diversion services.

Inter-Organizational Factors

- *Communication between States and local jurisdictions* – Local child welfare agencies and contracted service providers in some States have expressed frustration with not being included in the waiver planning process from the beginning, or with receiving vague or conflicting guidelines regarding the claiming and use of flexible funds. Representatives from these organizations observed that buy-in to the concept of waivers among some groups would have been greater, and implementation would have gone more smoothly, if they had been involved in initial discussions regarding waiver goals and priorities.
- *Limited or no existing collaborative relationships* – Although the waivers are widely perceived as a catalyst for fostering collaborative inter-organizational relationships, substantial work was often required to build trust, develop collaborative structures, and promote buy-in to the child welfare reform philosophy that underlies waiver-funded initiatives. Only since these relationships have been solidified have the benefits of inter-

agency collaboration for waiver implementation been fully realized. For example, partnerships forged through the waiver demonstrations have facilitated the identification of goods, services, and supports that were already available through community organizations, non-profit agencies, schools, and faith-based organizations.

- *Lack of or inadequate supply of contracted services* – Flexibility in the use of title IV-E funds is of limited value if no services or personnel are available that can be paid for using these funds. A paucity of certain resources that are in high demand (e.g., caseworkers with adequate educational backgrounds and experience, qualified therapeutic/mental health service providers) has made it more difficult to maximize the use of flexible funding in certain communities, particularly poor rural areas that have difficulty attracting qualified and experienced human service professionals.

Client/Case-Level Factors

- Chronic and severe family needs can hinder the success of even the best planned and implemented programs; these issues are often regarded as simply too entrenched and systemic in nature for the limited resources of child welfare programs to address effectively. Family problems cited most frequently by States as impediments to the success of waiver-funded services include chronic poverty and unemployment; family transience exacerbated by a lack of affordable housing; substance abuse; the mental health issues of both children and caregivers; and domestic violence, which can cause profound emotional trauma for caregivers and children while contributing to the displacement and break-up of families.

Summary of Outcome Evaluation Findings

Evidence from some States suggests that the waiver demonstrations have contributed to increases in the quantity and diversity of programs and services for families in or at risk of entering the child welfare system, or at a minimum to the provision of services in a more systematic and structured manner. The corollary question is whether this expansion of services is associated with improved safety, permanency, and well-being outcomes for children. In this regard, outcome findings exhibit a wide degree of variation both across the States as well as among the demonstration components implemented in each State. As illustrated in Exhibit 7 on the following page, consistent positive patterns are evident across many States in some (e.g., exits to permanency and placement duration) but not most outcome areas. In some instances, positive findings are limited to only certain components of a State's waiver demonstration, for example, the FTM program component in Ohio and the EVS program component in Oregon. Outcomes for which the most significant positive trends are evident to date are highlighted below by State in the areas of placement prevention, permanency, placement duration, placement appropriateness, maltreatment recurrence, and foster care re-entry.

Exhibit 7 – Summary of Key Evaluation Findings¹³

| Outcomes | CA | | FL | | IN | | NC | | OH | | OR | |
|--|----------------------------|------------------|---|------------|-----------------------|------------|-----------------------------------|------------|--|------------|--|------------|
| | Direction of Findings | Stat. Sig. | Direction of Findings | Stat. Sig. | Direction of Findings | Stat. Sig. | Direction of Findings | Stat. Sig. | Direction of Findings | Stat. Sig. | Direction of Findings | Stat. Sig. |
| Placement Prevention | | | + ¹⁴ | Y | + | Y | - ¹⁵ | Y | + (FTM component only) | Y | | |
| Exits to Permanency | + (Alameda adoptions only) | NA ¹⁶ | + (reunification; kin/non-kin custody & adoption) | Y | + (reunification) | Y | + (exits within 2 years of entry) | Y | - (reunification); + (kin custody & adoption) | Y | + (EVS counties only) | NA |
| Placement Duration | | | + | Y | + | Y | - | N | + (FTM component & for exits to adoption statewide) | Y | + (EVS counties & adoption statewide) | NA |
| Placement Stability | + (Alameda only) | NA | + | Y | | | | | | | - | NA |
| Placement Appropriateness/ Restrictiveness | + | NA | | | | | | | + (FTM component only) | Y | | |
| Maltreatment Recurrence | = ¹⁷ | NA | + | Y | + | Y | = | NA | = | N | = | NA |
| Foster Care Re-entry | - | NA | + | N | - | Y | + | N | = | N | + | NA |
| Child/Family Well-Being | | | | | + | N | | | | | | |

¹³Shaded cells indicate that the outcome in question was not studied by the State.

¹⁴“+” signifies a positive finding, either in favor of an experimental group over a control/comparison group or compared to pre-waiver/historical data.

¹⁵“-” signifies a negative finding, i.e., worse performance by an experimental group than a control/comparison group or in comparison to pre-waiver/historical data.

¹⁶“NA” signifies “not applicable” because the statistical significance of the finding was not calculated.

¹⁷“=” signifies no discernible difference in an outcome between the experimental and control/comparison group, or in comparison to pre-waiver/historical data.

Placement Prevention

- Florida: The State's out-of-home care population declined from 29,827 children in September 2006 to 18,534 children in February 2010, an overall decline of about 38 percent.
- Indiana: 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 demonstration, 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.
- 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.

Exits to Permanency

- Florida: Between State Fiscal Year (SFY) 05–06 and SFY 09–10 the average proportion of children reunified with an original caregiver or placed with relatives within 12 months across all lead agencies increased from 65.3 percent to 67.5 percent, a small but statistically significant difference. In addition, the proportion of children adopted within 12 months increased significantly by 2 percent between Federal Fiscal Year (FFY) 04–05 and FFY 07–08, while the proportion of children adopted within 24 months rose by approximately 6 percent during that the same time period.
- Indiana: Overall, experimental group children were reunified at substantially higher rates than their matched counterparts. By the end of its Phase II waiver extension the State 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.¹⁸
- North Carolina: Despite longer lengths of stay in placement overall, survival analysis revealed that children in experimental group counties were significantly more likely to exit placement after two years than children in comparison counties.
- Ohio: Although a counterfactual analysis conducted by the State 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.

¹⁸ Although Indiana observed significantly higher rates of reunification among children assigned to the experimental group than among those assigned to the matched comparison group, problems with the State's matching criteria and case matching methodology mean that the difference in favor of the experimental group is probably overstated.

Placement Duration

- Florida: Between FFY 04–05 and FFY 08–09 the median length of stay in out-of-home care among children who entered placement and who were later discharged to permanency declined significantly from almost 12 months to approximately 11 months, an average decrease of over 1 percent per year.
- Indiana: On average, children with access to waiver-funded services spend less time in out-of-home placement. 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. When these data were analyzed by placement outcome, reunified children were responsible for much of this difference in placement duration. Further analysis showed that the services provided to reunified families were critical to reducing the time spent by children in out-of-home placement, and that experimental group children received substantially more services to facilitate reunification than their matched counterparts.
- Ohio: The cases of children in experimental counties implementing 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 counterfactual 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.

Placement Stability

- Florida: The proportion of children with fewer than three placement changes during the first 12 months of a removal episode increased by 1.2 percent from 82.5 percent in SFY 2005–2006 to 83.7 percent in SFY 2007–2008. The results of Chi-Square analysis indicated that this increase was statistically significant.

Placement Appropriateness/Restrictiveness

- Ohio: Children in out-of-home placement in experimental counties implementing the FTM service strategy were significantly more likely to be placed with kin caregivers (who include both blood relatives and other people with a close personal bond with the child such as a family friend or godparent) than their comparison group counterparts (47 percent versus 40 percent), and were less likely to be placed with strangers in licensed family foster care (46 percent versus 53 percent).

Maltreatment Recurrence

- Florida: Results of Cox regression analyses indicated that there was a significant decrease over time in the proportion of children who experienced maltreatment within six months after their cases were closed, from 8.2 percent in SFY 02–03 to 5.2 percent in SFY 06–07. Each

additional fiscal year corresponded to a one percent decreased likelihood of maltreatment recurrence.

- Indiana: On balance, children with access to waiver-funded services 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. Further analysis of both experimental and matched comparison cases that received services suggests that this difference in recidivism rates was due in part to the relatively greater receipt of services by families assigned to the experimental group.

Foster Care Re-entry

- Indiana: At the midpoint of Indiana's long-term waiver extension only 14 percent of children in the experimental group who were previously reunified returned to placement compared with 18.4 percent of children in the matched comparison group, a difference that approached but did not attain statistical significance. However, by the end of the State's extension this trend had reversed itself, 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 suggests that the higher rate of subsequent removals among experimental group children was negatively correlated with service receipt; specifically, more removals occurred *only* among children who received no services in three of four major service categories (clothing, counseling, and family support services).

For certain outcomes, positive findings must be framed in the context of broader child welfare trends and policy changes. For example, the dramatic decline in the out-of-home placement population in Florida between 2006 and 2010 likely did not occur simply due to the availability of flexible IV-E funds but also to statewide child welfare reforms and policy changes that have happened in tandem with the State's waiver demonstration. For the same reason, apparently negative outcomes—such as for placement prevention and duration in North Carolina—must be viewed from the perspective of general socio-demographic forces as well as legislative and policy decisions that may have exerted more influence on child welfare outcomes than the State's demonstration alone. In addition, the comparatively worse performance of the experimental counties in Phase II of North Carolina's demonstration was likely due in part to considerable differences in the size and characteristics of counties assigned respectively to the experimental and comparison groups; for example, the experimental group included Mecklenburg County, one of the State's most populous counties with a large child welfare population.

Some outcomes for which few measurable effects have been observed are best framed using the principle that new programs or services should at a minimum cause no harm. Maltreatment recurrence rates, for example, have been no higher overall among child welfare populations assigned to experimental counties/groups or over time, which indicates that children with access

to waiver-funded services are at least as safe as those without this access. In general, then, the infrequency of negative findings across all major outcome areas suggests that flexible funding waiver demonstrations do no harm and that families are no worse off than they would have been in the absence of the waivers.

Among the States, Florida and Indiana have demonstrated consistently positive and statistically significant findings across several major outcome areas, including placement prevention, exits to permanency, placement duration, and maltreatment recurrence. Self-report surveys administered as part of Indiana's evaluation also revealed positive trends in favor of families with access to waiver-funded services in several domains of family and child well-being, including adult-child relationships, school performance, and economic well-being. Some of these findings approached, or in the case of caregivers' reports of children's school performance, met the threshold for statistical significance.

In the case of Indiana, the question arises as to whether observed results are due to the design of the State's waiver demonstration (i.e., allocations of IV-E dollars to selected cases for time-limited case-specific goods and services) or if they are a consequence of an evaluation design that is better able to detect and measure changes in child and family outcomes. Although Florida has reported positive results in many outcome areas, that State's reliance on a longitudinal cohort design with no control or comparison group makes it more difficult to attribute observed findings to the activities of the waiver demonstration itself, especially in the context of broader child welfare reform efforts throughout the State. In the case of all States more definitive positive results could be detected using a combination of more rigorous research designs and more sensitive data collection tools. In this regard the Children's Bureau continues to provide technical assistance to States in an effort to encourage the implementation of evaluations that produce more valid and reliable findings. For example, Oregon plans to implement an experimental research design with a strong random assignment component for its third five-year waiver term.

Summary of Cost Analysis Findings

Interviews with senior administrative and fiscal officials from State and local child welfare agencies suggest that flexible funding waiver demonstrations are seen as part of a general strategy for maximizing revenue for child welfare services from all possible Federal, State, and other funding sources. 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 largely succeeded in their efforts to increase child welfare revenues for in-home services. In addition, over the past year all active demonstrations have remained cost neutral, i.e., States have been able to cover the costs of foster care normally covered by title IV-E as well as other child welfare activities while receiving the same amount of Federal title IV-E funding that they would have received in the absence of the waiver as measured by the Federal cost neutrality formula applicable to each State. The difference between a State's claims for traditional title IV-E purposes and its title IV-E allocation, as calculated under the specifics of each State's waiver Terms and Conditions, represents the savings that the State may reinvest into additional enhanced child welfare programs and services.

Cumulative savings have varied from a low of \$1.7 million in North Carolina to over \$43 million for Los Angeles County by the end of California's 2009 SFY. However, 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, and States have had to be cognizant of maintaining a balance between IV-E and non-IV-eligible children to ensure that their demonstrations remain viable within the constraints of the Federal cost neutrality limits. 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 order 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 started losing money. Other factors that further diminished the State's IV-E savings included overall increases in foster care placements in experimental (waiver) counties, higher administrative costs, and the increased use of more expensive residential placement facilities. North Carolina's experience speaks to the importance of carefully weighing the financial risks and benefits of a flexible funding waiver demonstration. States with low title IV-E penetration rates, for example, might find it more difficult to expand services to a broader child welfare population without having costs exceed the Federal cost neutrality limit imposed by a title IV-E waiver.

Other States have observed a decline in overall foster care maintenance costs since the implementation of their flexible funding waiver demonstrations; these drops echo the overarching goals of waivers to reduce the incidence and duration of out-of-home placements by emphasizing up-front placement prevention and diversion services. In Oregon, for instance, 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. 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 about 8:1 in SFY 2005–2006 to 3.6:1 in SFY 2008–2009. 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. Specifically, expenditures on institutional care declined from \$130 million in SFY 06–07 to \$100.5 million in SFY 08–09, while family foster care expenditures fell from almost \$54 million in SFY 06–07 to about \$49 million in SFY 08–09.

As expenditures on foster care maintenance have fallen, these same States have documented corresponding increases in spending on non-placement programs and services following waiver implementation. In Oregon, expenditures of flexible IV-E funds increased from 2.8 percent of all child welfare spending in 2003 to 4.6 percent in 2009, a small but meaningful amount in terms of the State's capacity to fund permanency and placement prevention programs. Florida has reported a similarly small but consequential increase in spending on non-placement "front end" services, which grew from 3.3 percent of all statewide child welfare expenditures in SFY 2005–2006 to 6.1 percent in SFY 2008–2009. On balance, then, the available fiscal data suggest that the flexible funding States as a whole have generated cost savings that have allowed them to

augment spending on non-placement programs and services while reducing or holding the line on foster care maintenance expenditures.

Lessons Learned from the Implementation of Flexible Funding Waiver Demonstrations

In grappling with the implementation and evaluation challenges described in this synthesis, the States have drawn many lessons that apply both to their existing flexible funding waiver demonstrations as well as to future long-term waiver extensions or similar types of child welfare initiatives. These lessons highlight the importance of early planning, strong leadership, stakeholder engagement, thorough training, robust data collection systems, and high-quality evaluation.

- *Adequate Planning:* Engage in careful up-front planning to identify community needs and the best strategies to address them. Inadequate or hasty planning in some States led to a variety of delays and unforeseen implementation problems.
- *Early and Broad Engagement:* Include all relevant stakeholders—including local child welfare agencies, partnering government agencies, child welfare service partners, and relevant community leaders—in the waiver planning and implementation process from the very beginning. In addition, front-line child welfare workers and supervisors should be involved as much as possible in the waiver planning process and in decision-making regarding the use of flexible funds.
- *Shared Leadership:* Create a formal steering body that includes officials from all levels of the child welfare system to guide waiver planning and implementation. The benefits of this body will be particularly evident in a State-supervised, county-administered child welfare system because it allows local jurisdictions to take the lead in identifying programs and service strategies that are most responsive to local needs and conditions. The ProtectOhio Consortium, which provides a formal framework for local participation in waiver decision-making as well as a forum for sharing evaluation findings on a regular basis to guide program changes and respond to implementation challenges, is one such example.
- *Clear Rules:* Establish simple and coherent guidelines from the beginning regarding the appropriate use of flexible funds. Feedback from front-line staff and managers indicates that a lack of guidance in this regard sometimes created reluctance to utilize flexible funds or contributed to their use in ineffective or inappropriate ways.
- *Effective and Consistent Management:* Establish a permanent waiver coordination team with staff devoted full-time to waiver implementation and quality control. The experiences of some States suggest that assigning all of these duties to just one person or to individuals on a part-time voluntary basis creates the risk of faltering and uneven program implementation efforts by local jurisdictions and child welfare staff.
- *Comprehensive and Ongoing Training:* Develop a robust waiver training curriculum that includes more one-on-one training for front-line workers. Ideally, this training should be

conducted by a full-time dedicated team that can provide both initial and ongoing training and technical assistance. The training curricula should include modules on topics that are most critical to the effective implementation of a waiver demonstration at the ground level, for example, the process for requesting and processing claims for flexible funds and making title IV-E eligibility determinations.

- *Adequate Information Systems:* Make any necessary changes or enhancements to accounting, fiscal reporting, and child welfare information management systems prior to waiver implementation. Delayed implementation of these changes in some States contributed to subsequent problems with budgeting, fiscal reporting, cost claiming, and tracking referrals to and the receipt of services paid for using flexible IV-E funds.

- *Stronger Evaluations:* Child welfare officials from several States highlighted the need for improved evaluation strategies to provide stronger evidence regarding the effects of waiver-funded programs. Although some improvements to the quality of evaluations have been made since the first round of waivers in the late 1990s, many problems that affected earlier flexible funding waiver demonstrations (e.g., the lack of experimental research designs, an over-reliance on aggregate data) still affect more recent evaluation efforts. These weaknesses have likely contributed to the mixed and inconclusive findings from most flexible funding demonstrations. One potential strategy for improving the quality and conclusiveness of findings from future flexible funding waiver demonstrations involves the implementation of two-stage evaluations with sub-studies of certain programs. In Stage 1, States would test a variety of service interventions and focus on conducting an analysis of financial trends (e.g., shifts in the proportion of funds spent on in-home services versus out-of-home care as currently examined by Florida) as well as a detailed process evaluation. In Stage 2, States would select a limited number of promising practices and conduct more rigorous evaluations of these interventions using random assignment or quasi-experimental methods such as propensity score matching. As noted above, enhancements to information management systems would improve the accuracy with which the receipt of waiver-funded services by targeted families is tracked, thus allowing the States to draw stronger linkages at the case level between participation in programs and services and observed safety, permanency, and well-being outcomes.

Adherence to these lessons may promote the greater and more effective utilization of flexible funding by States and jurisdictions while improving the state of knowledge regarding their effectiveness.

Perspectives on the Future of Flexible Funding Waivers

The discussion of findings and lessons learned from the flexible funding demonstrations is occurring in an environment of uncertainty regarding the long-term future of flexible funding waivers specifically, and regarding title IV-E waivers generally. Legislative authority to approve new waiver demonstrations expired in March 2006 and demonstrations in the other major waiver category (subsidized guardianship) have ended or are winding down following the passage in 2008 of the Fostering Connections to Success and Increasing Adoptions Act, which authorizes

the use of title IV-E funds to pay subsidies to relative caregivers who assume legal guardianship of children in out-of-home placement.¹⁹ Despite the overall decline in waivers, all five States with active flexible funding waiver demonstrations have officially requested approval from HHS for new five-year extensions, two of which have been authorized for Ohio and Oregon.

Discussions with a range of stakeholder groups during the 2010 site visits reveal broad support at the State and local level for the flexible funding waiver demonstrations and for their indefinite continuation. Several negative programmatic and fiscal consequences were predicted if the current waivers are allowed to expire, including staff lay-offs, increased caseloads, and declines in the quality and array of placement prevention and diversion services. In addition, many State and local child welfare officials predict immediate negative impacts on key child welfare outcomes, including increased entries into out-of-home placement and longer placement episodes (although the body of evidence regarding the efficacy of the demonstrations in improving these specific outcomes remains inconclusive). Assuming the long-term continuation of waivers, some new directions in which the States as a whole would like to take their flexible funding demonstrations include:

- *Expanded Programs and Services:* Many States and local jurisdictions have expressed interest in using flexible funds for a greater diversity of human services, such as independent living services for older youth; fatherhood outreach and engagement programs; DV prevention and treatment programs; SA treatment; MH services; and adult education and vocational programs. Although flexible funds have been used to a limited extent in some States for these types of services, significant investments of IV-E dollars in these areas is problematic because of the waivers' cost neutrality requirement. Because waivers generally save money through reductions in the number and duration of out-of-home placements, programs such as adult education or youth transitional living services that do not directly prevent placement or expedite reunification may lead to long-term overages in title IV-E expenditures.

Front-line staff from States that use flexible funds for time-limited case-specific goods and services have advocated for fewer restrictions on the types of goods and services that can be paid for using flexible funds. For example, some caseworkers in Indiana have expressed concerns regarding restrictions on the use of title IV-E funds to buy bus tokens for their clients, who are often dependent on public transportation to commute to work and attend mandated training and other appointments; these caseworkers contend that greater latitude in the use of title IV-E funds would give them more tools to help caregivers achieve self-sufficiency and keep their families intact. Although Indiana has created an appeals process to accommodate requests for title IV-E funds that fall outside of normal State guidelines, misunderstandings have persisted among some child welfare staff about the appeals process and State policies governing the use of flexible IV-E funds.

- *Geographic Expansion:* In addition to expanding the use of flexible funds to a wider array of programs and services, some officials from States that do not already have statewide waivers (specifically California and Ohio) are interested in expanding the number of local jurisdictions that can take advantage of flexible IV-E funds, or possibly transforming their

¹⁹The last active subsidized guardianship waiver demonstration in Wisconsin ended on July 31, 2011.

waiver demonstrations into statewide initiatives. Representatives from these States contend that widening the geographic scope of their demonstrations would allow more at-risk children and families to receive placement prevention and expedited reunification services, which could in turn augment the pool of data available to demonstrate the effectiveness of innovative services paid for with flexible funds. However, these States would need to rethink their evaluation designs to adequately address the evaluation challenges described earlier in this synthesis. Possible research approaches that could feasibly be implemented on a statewide basis include random assignment and case-level matching within counties.

- *Focus on Evidence-Based Programs:* As noted earlier in this synthesis, empirical support for some “innovative” child welfare programs and services remains weak or insufficient. Representatives from several States support targeting more flexible funds at the implementation of interventions that are demonstrably effective based on a substantial body of clinical research. A greater emphasis on evidence-based programs could eventually lead to more conclusive and positive findings regarding the impact of flexible funding waiver demonstrations on key child welfare outcomes.
- *Improved Assessment Tools:* Many State and local child welfare officials promote the more efficient use of flexible funds through the development of better clinical and research tools for identifying children and families that are most in need of, and would derive the greatest benefit from waiver-funded prevention, diversion, and permanency services. Along with actuarial risk assessment tools like Structured Decision Making (which is already used to varying degrees in several waiver States), other improved methods for assessing the needs and stressors facing caregivers and their children could help focus the provision of services in a manner that maximizes their utility and impact.

With or without flexible funding, all active waiver States have conveyed a clear message that they will move forward with their ongoing child welfare reform efforts. Although flexible funding waivers are regarded as a powerful tool to advance the States’ push for better child welfare outcomes, they are not perceived as the ultimate drivers or catalysts of reform. Nonetheless, State and local officials predict that the loss of flexible IV-E funding would have a strong dampening effect on the pace and scope of future initiatives to improve child welfare services, particularly those that promote front-end placement prevention and diversion. From a broader national perspective, stakeholders in some States support the continuation of flexible funding waivers because they regard them as a platform to make the case for fundamental changes in Federal child welfare policy, for example, the curtailment of categorical funding streams (like title IV-E) in favor of funding mechanisms that reduce Federal regulations and administrative costs while increasing States’ discretion to design and implement child welfare programs that are responsive to regional and local needs. Future waivers that demonstrate more evidence of their effectiveness could strengthen arguments for systemic reform.

Conclusion

The question currently facing Federal policy makers is whether flexible IV-E funding waivers advance the nation’s goals and priorities for improving the safety, permanency, and well-being

of vulnerable children at no increased net cost to taxpayers. Although evidence from some States suggests that the waivers have increased the quantity and diversity of services available to at-risk families, more conclusive evidence is necessary to determine whether this expanded array of services translates into improved child welfare outcomes. As suggested earlier in this synthesis, confirmation of the waivers' effectiveness as a tool of Federal child welfare policy could be advanced through a greater emphasis on the implementation of existing evidence-based interventions coupled with efforts to strengthen the rigor of future evaluations. A second round of waiver extensions may afford States an opportunity to implement these recommendations.

Appendix A: Glossary of Terms

Foster care re-entry: The probability that a child who exited out-of-home placement returns to the custody of a child welfare system and to out-of-home care within a specified timeframe. The CFSR measure for foster care re-entry is limited to children who exit care to reunification and is defined as follows: Of all children discharged from foster care to reunification in the 12-month period prior to the prior 12-month period, what percent re-entered foster care in less than 12 months from the date of discharge?

Maltreatment recurrence: The probability that a child that had a prior substantiated maltreatment report experiences one or more subsequent maltreatment episodes within a specified time frame. The subsequent episode may occur while the child is still in the custody of the child welfare system, is in out-of-home placement, or has returned to his/her family of origin. Most States define maltreatment recurrence in terms of substantiated reports, i.e., sufficient evidence exists to conclude that an alleged incident of maltreatment did in fact occur. The CFSR measure for maltreatment recurrence is defined as follows: Of all children who were victims of a substantiated or indicated maltreatment allegation during the first 6 months of the reporting period, what percent were not victims of another substantiated or indicated maltreatment allegation within a 6-month period?

(Net) permanency: The probability that a child exits out-of-home placement to one of three outcomes: (1) reunification with his/her family of origin; (2) adoption; or (3) guardianship/in the permanent legal custody of a relative or non-relative caregiver. States may examine exits to permanency that occur at any point in time or within a specified timeframe. For reunification, the CFSR permanency measure is defined as follows: Of all children discharged from foster care to reunification in the target 12-month period and who had been in foster care for 8 days or longer, what percent was reunified in less than 12 months from the date of the latest removal from home? For adoption, the CFSR permanency measure is defined as follows: Of all children who were discharged from foster care to a finalized adoption in the target 12-month period, what percent was discharged in less than 24 months from the date of the latest removal from home?

Placement appropriateness/restrictiveness: The degree to which a given placement setting meets a child's specific physical or mental health needs and/or reduces isolation from his/her family and community. Most States operationalize this outcome by assessing whether a child is placed with one or more of his/her siblings or resides in the "least restrictive" placement setting that adequately maintains his/her safety, i.e., placement in a kin or family foster home instead of a group home or other congregate care facility.

Placement duration: Average time (measured in days, weeks, or months) that a child spends in out-of-home placement before returning home, being adopted, or exiting to guardianship/permanency/legal custody of a relative or caregiver. The time period used to measure placement duration may contain multiple consecutive stays in different placement settings.

Placement prevention: The probability that a child with an alleged or substantiated maltreatment report enters out-of-home placement within a specified timeframe. Instead of measuring the likelihood of placement among children not already in placement, some waiver States with time series/longitudinal research designs are examining changes in the size of their out-of-home care populations to determine whether more or fewer children are entering the foster care system over time. CFSR has no specific measure for placement prevention although it does include an indicator for the net annual change in a State’s foster care population by comparing children in care on the first and last day of the calendar year.

Placement stability: The average number of times a child changes placement settings, i.e., moves from one foster home/congregate care setting to a different home/care setting while in out-of-home placement. The CFSR measure for placement stability is defined as follows: Of all children served in foster care during the 12-month target period and who were in foster care for at least 8 days but less than 12 months, what percent had two or fewer placement settings? The same measure is also calculated for children in placement between 12–24 months and more than 24 months.

Propensity score matching (PSM): A statistical matching technique that calculates the predicted probability of group membership, i.e., assignment to an experimental (treatment) or a comparison group, based on observed predictors. These predictors are used to calculate a composite matching score for each study participant, with each experimental group case matched with a comparison case that has the same or closest matching score. PSM allows researchers to answer the “counterfactual” question of what would have happened to those who did in fact receive a treatment if they had not received treatment.

Random assignment: An experimental method for assigning subjects to different treatment groups (or no treatment) on a random basis. Using random assignment, each study participant has an equal chance of being assigned to an experimental group (the group of persons receiving the treatment or service in question) or to a control group (the group of persons that do not receive the treatment or service in question). Random assignment seeks to ensure that the attributes of subjects assigned to each group are roughly equivalent and that therefore any observed differences in outcomes between groups can be attributed to the effects of the treatment under study and not to the characteristics of the individuals in the group or to other contextual factors. Random assignment experiments are generally regarded as the “gold standard” for making causal inferences about phenomena in the real world or regarding the impact of health and human service programs.

Regression analysis: A cluster of statistical tools that are used to investigate and predict relationships among variables. Regression analysis usually involves ascertaining the causal effect of one variable upon another, for example, the impact of gender, age, race, maltreatment risk, etc. on the probably of entering out-of-home placement. To explore such issues, an investigator assembles data on the underlying variables of interest and employs regression to estimate the quantitative effect of the causal variables upon the variable that they influence. In the example noted above, placement entry is the *dependent variable* (the outcome whose likelihood will be predicted) while gender, age, race, etc., are *independent variables* (the factors that are posited to have an effect on the probability of entering placement). Regression analysis

also typically involves determining the statistical significance of the estimated relationships, i.e., the degree of confidence that the true relationship among variables is close to their estimated relationship.

One type of regression analysis is known as the Cox model, which explores the relationship between the occurrence of an event of interest (for example, re-entry into out-of-home placement) and several explanatory variables. Specifically, a Cox model provides an estimate of the effect of an intervention or “treatment” on the probability of an event occurring after adjusting for these explanatory variables. Interpreting a Cox regression model involves examining the coefficients for each explanatory variable; a positive regression coefficient for an explanatory variable means that the likelihood of the event is higher, whereas a negative coefficient suggests a lower likelihood that the event will occur. See also “survival analysis” in this glossary.

Statistical significance: The probability that an observed difference in an outcome of interest between a study (experimental) group and a control/comparison group is due to chance. The stronger the statistical significance of a given finding, the less likely it occurred merely by chance and the greater the likelihood that it is attributable at least in part to the phenomenon being studied. Statistical significance is calculated using a wide range of statistical techniques and is often expressed in terms of a *P value*, a percentage that indicates the probability that there is no actual difference in observed outcomes between two groups. The minimum threshold for statistical significance is a P value of $<.05$, which means that there is less than a five-percent probability that observed differences between two groups are due to chance. A more stringent threshold is a P value of $<.01$, which means that there is less than a one-percent probability that observed differences between two groups are due to chance.

Survival analysis: In the social sciences, survival analysis refers to a group of statistical techniques that predict the probability of a certain event or outcome occurring over time. For example, several States with flexible funding waivers used survival analysis to estimate the proportions of children that entered or exited out-of-home placement (the “events” of interest) over various time intervals (e.g., within 6 months, 12 months, 24 months, etc.). Survival models often relate the time that passes before the event of interest happens to one or more *covariates*, i.e., variables that are possibly predictive of the outcome under investigation.

Appendix B: Online Links to State Evaluation Reports

California Capped IV-E Allocation Demonstration:

<http://www.childsworld.ca.gov/PG1333.htm>

Florida Flexible Funding Demonstration:

<http://centerforchildwelfare.fmhi.usf.edu/kb/LegislativeMandatedRpts/Forms/AllItems.aspx>

Indiana Flexible Funding Demonstration:

Final Evaluation Report – Phase I (January 2011):

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

(NOTE: Any future reports for Indiana’s demonstration will be posted at: <http://www.iarstl.org>)

North Carolina Flexible Funding Demonstration:

Final Evaluation Report – Phase I (November 2002): <http://www.unc.edu/~lynnu/ncwaivrpt.htm>

Ohio Flexible Funding Demonstration:

Comprehensive Final Evaluation Report – Phase II (September 2010):

<http://jfs.ohio.gov/ocf/pohio.stm>

Oregon Flexible Funding Demonstration:

Final Evaluation Report – Phase II (September 2009):

http://www.ccf.pdx.edu/cwp/pdfs/Phase%202%20Title%20IV-E%20Waiver%20Evaluation%20Final%20Report_9-30-09-1.pdf

Final Evaluation Report – Phase I (March 2003):

<http://www.ccf.pdx.edu/cwp/pdfs/Waiver%20Final%20Report.pdf>