

**Title IV-E Waiver
Department of Child Safety
Program Summary**

Program Overview

In September 2014, the U.S. Department of Health and Human Services (HHS) granted the Department of Child Safety’s (DCS) request for a federal Title IV-E waiver focused on reducing the number of children in congregate care. Congregate care includes emergency shelters, group homes and residential treatment centers. “IV-E” refers to the section of federal law authorizing federal government payment of foster care and related expenses. Title IV-E funding has been the state’s primary source of federal funding for children placed outside the home in the child welfare system. Title IV-E funding is traditionally uncapped, so there is no limit on the amount of IV-E monies that state can draw down for qualifying expenses. In exchange for accepting a capped allocation of IV-E funding, HHS will allow DCS to use IV-E monies for a broader set of services, including in-home services.

DCS plans to start operating under the waiver in 2015. HHS and DCS have agreed to the terms and conditions of the IV-E waiver, but HHS has not yet approved the department’s specific plan for reducing the number of children entering congregate care. The department’s strategies to reduce the number of children entering congregate care include (1) motivational interviewing, (2) trauma-specific/trauma-informed therapies, and (3) peer parent support.

Program Funding

The IV-E waiver effectively establishes a maximum federal funding level. The ceiling is adjusted upward each year for projected caseload growth. The state’s federal match rate will also be adjusted for the federal medical assistance percentage (FMAP). *Table 1* shows the level of IV-E funding the waiver allocates to the state each federal fiscal year (FFY). In the first year of the waiver in FFY 2015, the cap is \$164.6 million. By FFY 2019, the cap is \$226.6 million assuming a constant federal match rate. The waiver does not cap IV-E funding for (1) foster children between the ages of 18 and 21 participating in the Independent Living Maintenance program and (2) certain administrative costs including the Children’s Information Library and Data Source system, training, and pre-placement activities. Since these areas are not capped, their IV-E funding is not included in *Table 1*. DCS spent \$165.3 million of IV-E funding in FY 2014, and it estimates IV-E expenditures of \$226.4 million in FY 2015.

Table 1

Arizona Title IV-E Capped Allocation

<u>FFY</u>	<u>Amount</u>
2015	\$164,642,200
2016	\$179,348,300
2017	\$192,705,400
2018	\$209,119,800
2019	\$226,592,400

Under the waiver, any IV-E funding DCS does not spend on traditional IV-E purposes, such as foster care or group home payments, can now be spent on in-home services, which are not normally eligible for IV-E funding.

Background

The state’s child welfare function was previously located in the Department of Economic Security (DES) as the Division of Children, Youth and Families. DES also operated under a IV-E waiver from 2006 to 2008. During this period, DES reported

IV-E waiver spending on counseling, drug treatment, parenting classes, rent, furniture, car repairs and food, as part of the semi-annual financial and program accountability report required by A.R.S. § 8-818.

As part of its independent review of Arizona’s child welfare system, Chapin Hall, a research and policy center, praised Arizona’s plan to use a IV-E waiver. One of the key elements of a IV-E waiver demonstration project is its use of evidence-based practices/interventions to achieve its goal. Chapin Hall believes that Arizona’s Title IV-E waiver will include at least one evidence-based intervention. An example of an evidence-based intervention that Arizona currently employs is the Healthy Families program, a home visitation program for vulnerable families with newborn children.

It is unclear whether DCS’ IV-E waiver plans will impact the redesign of its Intensive Family Services delivery mechanism. The Legislature restored funding for Intensive Family Services in FY 2014. The program is intended to provide contracted intensive, time-limited services to families whose children are at risk of out-of-home placement due to abuse, neglect, or dependency. In FY 2014, this program served 1,501 families at an average cost per case

of \$3,330. Under the Brewer administration, DCS had planned to use the Intensive Family Services funding to implement a federally-approved evidence-based intervention, combining a new service delivery mechanism with IV-E waiver requirements. The Ducey administration is currently reviewing its plans for Intensive Family Services. Presently, the department is using the Intensive Family Services funding to supplement its existing in-home services program.

During the 2013 Legislative Session, some proponents of the new Intensive Family Services funding thought that DES would contract with a specific vendor that would coordinate a package of services to high risk families to keep the children in the home. To distinguish these funds from existing DES services, the monies were placed in a new budget line item. Other proponents may have viewed the funding as a supplement to existing funding.

In June 2014, the Joint Legislative Budget Committee favorably reviewed DCS' FY 2015 Intensive Family Services expenditure plan with the condition that DCS update the Committee on the Request for Information and Request for Proposals process regarding the redesign of its service delivery mechanism.