

**LB 820 - Testimony**  
**Health and Human Services Committee**  
**January 20, 2012**

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Good afternoon Senator Campbell and members of the Health and Human Services Committee. My name is Scot Adams (S-C-O-T-A-D-A-M-S), and I am the interim Director of Children and Family Services within the Department of Health and Human Services. I am here to provide neutral testimony in regard to LB 820.

DHHS launched Families Matter to support the safety, permanency and well being of children in their homes and communities through prevention, diversion, treatment and aftercare services. We are working to improve our federal Children and Family Services Reviews. As part of the reform, we listen to the thoughts and experiences of children, families, staff and agencies. Our recent efforts include an Operational Plan which outlines statewide priorities, process outcomes and compliance standards and we are monitoring performance in six critical areas in order to make adjustments to achieve improvements. All case workers will soon utilize Structured Decision Making, an effective process used in more than 20 other states since the 1980s, that helps identify children's needs so we can more effectively address them. We are taking advantage of the benefits our private sector partners bring to the process, such as research resources and flexibility in services, aligning public and private goals and programs for children, increased public awareness of children's needs, improvement in the available data to evaluate our system, and lower caseloads.

LB 820 would require DHHS to apply to the federal government for approval of a demonstration project in child welfare also known as a Title IV-E waiver. The bill also requires DHHS to report to this Committee by September 15, 2012 on the status of the application and to submit the application on or before January 1 of 2013.

As background, Title IV-E of the Social Security Act provides that States can access federal funds for the cost of out-of-home care and related services for certain eligible children. The federal government provides 60% of each dollar spent and requires a 40% State match to access the federal funds. Approximately 33% of Nebraska children who are wards of the state and in out-of-home care meet the Title IV-E eligibility criteria. Basically, the criteria includes an ADC related income test and a determination by the court that meets specific standards. The funds can only be used if an eligible child is placed in a licensed facility and only for certain allowable services including the out-of-home care itself. In the last fiscal year, the Department spent \$9,647,740 in Title IV-E

for out-of-home care for eligible children. Of that amount, \$7,363,612 represented the Federal contribution.

The federal waiver we are discussing today is part of the Children and Family Services Improvement and Innovation Act signed into law just this past September. The Act extended the authorization of new demonstration projects through FY 2014. A Title IV-E waiver would cap the amount of federal Title IV-E funds we receive but would allow us to use the funds more flexibly. It would not provide the State with additional funding.

DHHS is very interested in exploring the possibility of an application for a Title IV-E demonstration waiver. We share the goal of this committee to serve children in their home or in a home-like setting whenever possible. In fact, having sought and received external consultation on this waiver, we are sending a team of people to a national meeting next month to learn more about the requirements of this waiver. The deadline for application for the Federal Waiver is by the end of each Federal fiscal year which is September 30. Even with the deadline, as required by LB 820, to submit the application by January 1, 2013, the application would not likely be considered by the federal government until September 30, 2013. One of the key questions we have is about the timing of applying for the waiver. With the right timing, we have a potential of maximizing federal funds and decrease the use of out of home care. That is one of the most attractive elements of the waiver. However, with the wrong timing, we may miss an opportunity to increase our current claiming of Title IV-E funds and, therefore, miss the opportunity to cap the federal funds at a higher amount. Per federal requirements, the waiver also requires a comprehensive evaluation which would represent a new cost to the State. We are concerned that the wrong timing might result in a loss of access to federal funds and may even cost the State additional funds. A much more thorough assessment of the waiver requirements and the impact on Nebraska is needed.

We would be happy to continue to share information about our progress in assessing whether or not application for a Title IV-E waiver demonstration project is in the State's best interest and, if it is, what the best timing for the application might be. We would welcome reporting this to the Committee by September 15<sup>th</sup> at the latest as provided for in LB 820. However, we are concerned with the mandate in LB 820 for the application to be submitted by January 1, 2013. We have far more to learn and would caution the Committee that such a mandate may lead to unintended consequences or missed opportunities.

On a related note, I am providing you with a handout that offers a correction to a phrase used in the bill concerning long term therapeutic family treatment centers. Thank you for your time. I would be happy to answer any questions you may have.