

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
ADMINISTRATION FOR CHILDREN AND FAMILIES  
ADMINISTRATION ON CHILDREN, YOUTH AND FAMILIES  
CHILDREN'S BUREAU

WAIVER AUTHORITY

STATE: **NEBRASKA**

Waivers of the following provisions of the Social Security Act and Program Regulations are provided to the State to operate a child welfare demonstration project:

Section 472 (a): Expanded Eligibility: To allow the State to expend title IV-E funds for children and families who are not normally eligible under Part E of title IV of the Act as described in the Terms and Conditions.

Section 474(a)(1): Expanded Claiming: To allow the State to claim at the Federal medical assistance percentage any allowable expenditures of foster care maintenance payment cost savings.

Section 474(a)(3)(E) and 45 CFR 1356.60(c)(3): Expanded Services: To allow the State to make payments for services that will be provided that are not normally covered under Part E of title IV of the Act; and to allow the State to use title IV-E funds for these costs and services as described in the Terms and Conditions, Section 2.0.

All waivers are granted only to the extent necessary to accomplish the project as described in these Terms and Conditions.

## DEMONSTRATION PROJECT TERMS AND CONDITIONS

### NEBRASKA

#### SECTION 1: GENERAL

- 1.0 The Department of Health and Human Services (hereinafter referred to as “the Department”) will grant waivers to the State of **Nebraska** (hereinafter referred to as “the State”) under Section 1130 of the Social Security Act (hereinafter referred to as “the Act”) to operate a demonstration project (hereinafter referred to as “the demonstration”) as set forth in these Demonstration Project Terms and Conditions. The Department reserves the right, in its sole discretion, to withdraw approval of this demonstration project, including withdrawal of any and all waivers granted by the Department at such time(s) that the Department determines that the State has materially failed to meet the requirements as set forth in these Demonstration Project Terms and Conditions. The State also retains the right to terminate the demonstration.
- 1.1 Failure to operate the demonstration as approved and according to Federal and State statutes and regulations will result in withdrawal of approval of this demonstration project. The Federal statutes and regulations with which the State must comply in the operation of the demonstration include civil rights statutes and regulations that prohibit discrimination on the basis of race, color, national origin, disability, sex, age, and religion, including title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, the Age Discrimination Act of 1975, title II of the Americans with Disabilities Act, the nondiscrimination provisions of the Omnibus Budget Reconciliation Act of 1981, and the Multiethnic Placement Act as amended. After the demonstration is approved, the Department reserves the right to withdraw approval if agreement cannot be reached on any item(s) cited in this document as needing approval by the Department. The State also has the same right.
- 1.2 The Department may terminate the State’s authority to conduct a demonstration project if, after the three-year period following approval of these Terms and Conditions, the State has not made significant progress in implementing the child welfare program improvement policies proposed by the State in its application to conduct a demonstration, and as described in section 1130(a)(3)(C) of the Act (see also Section 2.3).
- 1.3 If Federal or State statutes or regulations that would have a major effect on the design and impacts of this demonstration are enacted, or if any deficiencies or serious problems in implementation of these Terms and Conditions are noted by the Department, the Department and the State will reassess the overall demonstration and develop a mutually agreed-upon strategy for dealing with the demonstration in the context of such changes. If such a mutually agreed-upon strategy cannot be developed, the Department reserves the right, in its sole discretion, to withdraw approval at such time(s) as the Department determines.
- 1.4 All provisions of the Act not waived remain in effect.

- 1.5 The demonstration provisions will be implemented no earlier than **April 1, 2014** and no later than **October 1, 2014**. The implementation date of the demonstration shall be **the first day on which the State offers services, subsidies, or other supports under the provisions of these Demonstration Project Terms and Conditions to participating children, caregivers, or other targeted individuals**. For cost-neutrality purposes, the demonstration shall be deemed to begin on the first day of the calendar quarter (hereinafter "quarter"), which includes the implementation date, but for the purpose of calculating costs for the initial quarter of the demonstration, only costs incurred beginning with the month that includes the implementation date will be counted. The implementation date must occur within the first month of a calendar quarter. The demonstration shall end no later than the last day of the **20<sup>th</sup>** quarter ending after the deemed beginning date. The demonstration provisions shall be as specified in Sections 2 and 3. Waivers necessary for the demonstration are approved upon acceptance by the Department and the State of these Demonstration Project Terms and Conditions. They will become effective as of the implementation date and will remain in effect until the last day of the **20<sup>th</sup>** quarter ending after the deemed beginning date, unless the demonstration is terminated earlier. The State's project demonstration period may not exceed a maximum of **five** total years under the provisions of the Act, unless in the judgment of the Secretary, the demonstration project shall be allowed to continue.
- 1.6 Federal approval of these Demonstration Project Terms and Conditions shall not be construed to establish any precedent that the Department will follow in the approval of any subsequent request for Terms and Conditions.
- 1.7 Nothing in these Terms and Conditions shall create eligibility for any child or family for any Federal program or entitlement for which that child or family would not otherwise be entitled, except that title IV-E funds may be expended, according to the provisions of these Terms and Conditions, for persons who would not be eligible for title IV-E funds in the absence of the demonstration. Receipt of services otherwise reimbursable under title XIX but provided under these Terms and Conditions for children and families who are not eligible under title IV-E does not establish eligibility for Medicaid. Children under this demonstration who are determined to be eligible under title IV-E will retain that eligibility through the duration of the demonstration project, so that such children will remain eligible for Medicaid, title IV-E Adoption Assistance, title IV-E Foster Care, and title IV-E Guardianship Assistance Program, if applicable.

## SECTION 2: IMPLEMENTATION

2.0 Under these Demonstration Project Terms and Conditions, the State is authorized to implement a demonstration to **(1) provide an Alternative Response (AR) model as an alternative pathway for families to traditional Child Protective Services (CPS) investigations; and (2) incorporate Results Based Accountability into the State’s contract and performance management systems for contracted child welfare service providers in order to measure outcomes achieved through the services provided to children and families.** The demonstration will seek to accomplish the following goal(s):

- Increase positive outcomes for infants, children, youth, and families in their homes and communities, including tribal communities, and improve the safety and well-being of infants, children, and youth.
- Prevent child abuse and neglect and the re-entry of infants, children, and youth into foster care.

Under these Terms and Conditions, the State will operate a demonstration of the child welfare project. **AR will be implemented statewide, beginning with an initial pilot implemented in five counties selected by the State. The specific counties that will participate in the AR pilot, along with the timeline and criteria used to plan for eventual statewide implementation, will be specified in the State’s Initial Design and Implementation Report (see Section 2.4). The target population for AR will include title IV-E-eligible and ineligible children aged 0–18 who can remain safely at home through the provision of in-home services and supports tailored to the needs of the child’s family. A child and his/her family’s eligibility for the AR track will be assessed using the State’s existing Structured Decision Making maltreatment risk assessment protocol. Additional details regarding the target population and eligibility criteria for AR will be specified in the State’s Initial Design and Implementation Report (see Section 2.4).**

**Results-Based Accountability (RBA) will be implemented statewide as part of a systemic reform of the State’s contract and performance management system for contracted child welfare service providers. The target population for RBA will include all title IV-E-eligible and ineligible children aged 0–18 currently served by the State’s Division of Children and Family Services (DCFS), or who become eligible for services during the course of the demonstration, including children served through the new AR track, children with a traditional CPS case, or who are in or enter out-of-home placement.**

2.1 **Alternative Response: The AR program will include a comprehensive assessment of each enrolled child’s safety, health, and well-being, as well as any barriers the child’s family faces in keeping the child safely at home. The family will be offered supports and voluntary services that enable it to keep the child at home while addressing issues that resulted from an initial maltreatment referral. A DCFS case manager will provide or oversee the provision of the following services for families**

assigned to the AR track:

- **A comprehensive assessment of child safety and well-being, and of family strengths and needs.**
- **The provision of concrete supports and voluntary services, including but not limited to:**
  - **Meeting basic needs (e.g., food and clothing assistance)**
  - **Housing assistance**
  - **Child care assistance**
  - **Mental health and substance abuse services**
- **Linkages to an expanded array of evidence-based programs and services that promote family stability and preservation. This array may include, but is not limited to:**
  - **Parent Child Interaction Therapy (PCIT)**
  - **Positive Parenting Program (Triple P)**
  - **Wraparound**

**If a child is determined to be unsafe by an AR case manager at any time during the family's participation in the AR program, immediate action will be taken to address the safety of the child.**

**Services and supports will be provided by DCFS personnel or contracted service providers as appropriate. The final choice of specific services and programs to provide to eligible families will depend on service availability and each family's particular needs and circumstances. The State is free to provide any or all of the above-mentioned services or programs, or to introduce other services or evidence-based programs that advance the overall goals of increasing family safety, minimizing entries into out-of-home placement, and improving child and family well-being.**

**Results-Based Accountability: As part of the RBA component of the demonstration, the State will use flexible title IV-E dollars to implement the following initiatives and activities:**

- **Train DCFS staff in RBA principles;**
- **Develop and provide training on provider contracts and the performance measure software used to track the performance of the providers; and**
- **Support family preservation services that, through the RBA process, are showing the greatest evidence of safely maintaining children in their homes to avoid unnecessary removal from the parental home, consequently reducing the child's exposure to trauma.**

- 2.2 The State shall comply with the following general provisions over the full term of the demonstration project. The State will, or where appropriate, will ensure that **child welfare caseworkers, supervisors, and contracted service providers**:
- a. Work closely with the evaluator to maintain the integrity of the evaluation.
  - b. Develop and deliver services to meet the individual needs of each child and family.
  - c. Ensure that any services being provided to a child or family member at the time the demonstration ends will be completed.
  - d. Ensure the confidentiality of the information collected on the children and families under the demonstration.
  - e. Ensure that the rights of children and their families are protected, and that the safety of the children is a paramount concern of the demonstration project.
  - f. Ensure that title IV-E eligibility determinations are made for all children who are involved in the demonstration project, throughout the life of the demonstration project, to ensure that eligible children retain their eligibility after the demonstration ends.
  - g. Bear any costs that exceed the amount of Federal funds provided for the demonstration.
  - h. Ensure that the State is organizationally and legally prepared for all aspects of demonstration project implementation.
  - i. Ensure that a conventional title IV-E program is maintained for those children and families that are not designated to receive demonstration services, and that these children and families continue to receive services that are consistent with the “traditional services” available to such children and families in the State at the time the demonstration begins.
  - j. Ensure that all applicable provisions of the Act apply to all demonstration components except for those provisions that are explicitly waived above.
  - k. Ensure that children who are eligible for the Medicaid program will retain their eligibility for a full range of Medicaid services under the demonstration.
  - l. Ensure that any “savings” resulting from the demonstration, whether they are savings to the Federal government, to the State, or to a county or to another jurisdiction within the State, will be used for the further provision of child welfare services. For the purposes of this provision, “savings” means any amount that would have been expended for conventional title IV-E purposes in the absence of

this demonstration, or that could have been expended under title IV-B of the Act.

- m. Ensure that the State annually will provide an accounting of any additional Federal, State, tribal, and local investments made, as well as any private investments made in coordination with the State, to provide the service intervention(s) that the applicant intends to undertake through the demonstration (see Section 5.6).
- n. Ensure that in each year throughout the duration of this demonstration the appropriate State official(s) and evaluators will attend and participate in an annual meeting of the Child Welfare Demonstration States in the Washington, D.C. area.
- o. For the duration of the demonstration project, assure that the State shall provide health insurance coverage to any child with special needs (as determined under Sec. 473(C) of the Act) for whom there is in effect an adoption assistance agreement between the State and an adoptive parent or parents.

2.3 The State shall provide assurance of how the State has implemented, or plans to implement within three years of the date on which it submits its application the following child welfare program improvement policies:

- **Address the Health and Mental Health Needs of Children in Foster Care: The development and implementation of a plan for meeting the health and mental health needs of infants, children, and youth in foster care that includes ensuring the provision of such care is child-specific, comprehensive, appropriate, and consistent, through such means as ensuring that the child has a medical home, regular wellness medical visits, and addressing the issue of trauma, when appropriate (New)**
- **Title IV-E Guardianship Assistance Program (GAP): An amendment to the title IV-E plan that exercises the option to implement a kinship guardianship assistance program (Existing)**

2.4 The State will submit an Initial Design and Implementation Report within 90 days following acceptance of these Terms and Conditions (see Section 5.2). This report will include information about program design and implementation. Report sections regarding implementation will include:

- A Final Work Plan, outlining the key tasks, reporting requirements, and timelines throughout the course of the demonstration;
- A phase-down plan for the demonstration so that case plans for children and their families can be adjusted, if necessary, for the post-demonstration portion of their placement (See Section 6.1);
- The detailed protocol or set of policies that will guide decisions about which families

or children are to be selected to participate in the demonstration, how the selection will be made, and how the suitability of services will be determined;

- Standards of quality and safety and practice requirements identified by the State to be incorporated into any agreements with public and private providers that are expected to provide support and services; and
- The status of evaluation activities, including efforts to engage a third-party evaluator.

The demonstration project will be reviewed periodically by the Department to ensure that the demonstration activities are consistent with the purposes of titles IV-B and IV-E of the Act and these Terms and Conditions in providing child welfare services, including an assurance of the safety of the children and families involved. The review is intended to ensure that benefit eligibility will not be impaired and that improved outcomes for the children and families will result. Any proposed amendment to these Terms and Conditions is subject to prior approval by the Department.

- 2.5 The State will develop and implement a corrective action plan to prospectively address unresolved title IV-E claiming concerns previously identified through audit findings and Department deferral or disallowance correspondence as agreed upon by the Department and the State. This action is needed to assure that claims are submitted in accordance with all applicable Federal requirements. This claiming improvement plan must delineate each item requiring corrective action, the planned action(s) to be taken and a timeline for completion of each action. The plan must be submitted within 90 days following acceptance of these Terms and Conditions. Continued approval to implement this demonstration project is contingent upon approval of the claiming improvement plan and demonstrated progress in achieving the goals of that plan.**

## SECTION 3: EVALUATION

- 3.0 The State will conduct an evaluation of the use of title IV-E funds to **test the hypothesis that providing an Alternative Response pathway for families, coupled with Results Based Accountability for contracted services providers, will improve safety, permanency, and well-being outcomes for children and families.** The evaluation will consist of three components: A process evaluation, an outcome evaluation, and a cost analysis.

The State is required to engage a third party to conduct an evaluation of the demonstration program. The evaluator shall be an independent organization that is not affiliated with state or local government, except that state universities may be engaged to conduct the evaluation. The evaluator shall be responsible for the development of the final evaluation design within the basic evaluation parameters outlined below. The evaluator shall develop a research design and sampling plan; develop and execute the data collection and analysis plans; and prepare interim and final reports.

- 3.1 Evaluation Design:

**Alternative Response: The State will implement an experimental research design to evaluate the AR component of its waiver demonstration. Random assignment will occur statewide, including in the five counties initially designated to participate in the AR pilot (see Section 2.0).**

**The State will randomly assign families who meet the eligibility criteria for the AR program. Families assigned to the experimental group will be served through the AR pathway and provided related services while families in the control group will undergo a traditional CPS investigation and be offered existing services and supports available prior to the implementation of the AR program. The State anticipates using a one-to-one assignment ratio, assigning approximately one eligible case to the experimental group for every one case assigned to the control group over the course of the demonstration. Cases that undergo random assignment as part of the AR demonstration component will maintain their assigned status for the full period of the demonstration.**

**Sample size estimates for the five-year course of the AR program, including the initial AR pilot in selected counties, and additional details regarding the sampling plan, including a justification of the proposed sampling ratio and an explanation of the statistical power that will be achieved with the proposed sample sizes will be provided in a detailed evaluation plan developed in consultation with the Department and the State's third-party evaluator (see Section 3.5).**

**The State's third-party evaluation contractor will be responsible for developing and implementing the random assignment process for all cases. Following implementation, the State may propose modifications to its sampling plan and/or random assignment ratio provided that the proposed changes maintain adequate**

**statistical power to detect significant differences in outcomes of interest between the experimental and control groups. Should the State wish to modify its sampling plan or random assignment ratio, the State will develop and submit a proposal to the Department for review and approval that describes the proposed modifications, including an assessment of the impact, if any, of the change(s) on the outcome evaluation and on the demonstration's cost-neutrality formula.**

**Results Based Accountability: A longitudinal research design will be utilized for the evaluation of the RBA component of the demonstration. The State will track and analyze changes in key child welfare outcomes at regular time intervals (quarterly, semi-annually, and annually) statewide, as well as by county and by individual contracted service provider. In addition, data will be analyzed by service and case type and will be used to compare differences in performance across contracted service providers over time.**

**To the extent possible, the evaluations of both the AR and RBA components of the waiver demonstration will be based on the collection and analysis of child, family, or other case-level data.**

Throughout the evaluation, the State will apprise the Department of any difficulties encountered in achieving the estimated sample sizes for the project, and in consultation with the outside evaluator will determine if such difficulties will affect the State's ability to identify statistically significant differences in key demonstration outcomes. The State will notify the Department as soon as any serious problems are noted. Semi-annual progress reports (see Section 5.5) will include an update on the sample sizes and progress toward meeting the targeted sizes.

Modifications to the sampling plan may be proposed to the Department for approval if the sample sizes for the **experimental and control groups** are such that the number of clients in each group will provide adequate statistical power to detect differences in outcomes of interest between the two groups.

3.2 Process Evaluation: The evaluation will include interim and final process analyses that describe how the demonstration was implemented and that identify how demonstration services differ from services available prior to implementation of the demonstration, or from services available to children and families that are not designated to receive demonstration services. The analysis will include a logic model that describes the demonstration's objectives, the services or other interventions provided, and the way the intervention is linked to measurable outcomes. In addition, the process analysis will examine, at a minimum, the following:

- The planning process for the demonstration including whether any formal needs assessment, asset mapping, or assessment of community readiness was conducted;
- The organizational aspects of the demonstration, such as staff structure, funding committed, administrative structures, and project implementation, including ongoing

monitoring, oversight, and problem resolution at various organization levels;

- The number and type of staff involved in implementation, including the training they received, as well as their experience, education and characteristics;
- The service delivery system, including procedures for determining eligibility, referring subjects for services, the array of services available, the number of children/families served and the type and duration of services provided;
- The role of the courts in the demonstration and the relationship between the child welfare agency and court system, including any efforts to jointly plan and implement the demonstration;
- Contextual factors, such as the social, economic and political forces that may have a bearing on the replicability of the intervention or influence the implementation or effectiveness of the demonstration. This discussion will note any possible confounding effects of changes in these systems, or changes resulting from other demonstrations or reforms that were implemented during the title IV-E demonstration;
- The degree to which demonstration programs and services are implemented with fidelity to their intended service models; and
- The barriers encountered during implementation, the steps taken to address these barriers, and any lessons learned during implementation.

For each of the factors described above, the process analysis will note any differences, as appropriate for the State's evaluation design, in implementation before and after the start of the demonstration, among participating counties or other administrative units, or between the experimental and control/comparison groups.

### 3.3 Outcome Evaluation:

**For the AR demonstration component, the State's outcome evaluation will address, at a minimum, differences between the experimental and control groups in the following outcomes:**

- **The number and proportion of repeat maltreatment allegations (reports) within a specified period of time following initial intake;**
- **The number and proportion of substantiated maltreatment allegations within a specified period of time following initial intake;**
- **The number and proportion of families with any child entering out-of-home care within a specified period of time following initial intake;**

- **Changes in child and family well-being in the domains of behavioral and emotional functioning, and physical health and development, as measured by the Child and Adolescent Needs and Strengths (CANS) assessment or another standardized assessment instrument to be selected by the State.**

**For experimental group families in the AR component, the evaluation will track:**

- **Number and proportion of families assigned to the AR track who are re-assigned to a traditional maltreatment investigation due to an allegation of maltreatment that warrants heightened concern regarding the safety of one or more children;**

**Specific outcome measures that will be tracked as part of the evaluation of the RBA demonstration component include the following:**

- **Number and proportion of children with a sequent substantiated allegation of maltreatment within 6 months of discharge or case closure;**
- **Average number of changes in placement setting among children in out-of-home placement;**
- **Average and median months in out-of-home care prior to reunification;**
- **Number and proportion of children who re-enter out-of-home placement within 12 months of discharge to reunification or another permanent placement (e.g., guardianship);**
- **Number and proportion of children legally free for adoption who are adopted within 12 months of the termination of parental rights; and**
- **Number and proportion of children in out-of-home placement for three or more years who are discharged to independent living.**

The State is free to propose additional research questions and outcome measures for inclusion in the evaluation.

The State will collect data to address these questions from the State's automated child welfare information systems, child welfare agency case records, and additional information sources as appropriate. The State will work with its evaluation contractor to identify other appropriate data sources to address the process and outcome measures described above.

- 3.4 **Cost Study:** The cost analysis will examine, at a minimum, the costs of the key elements of services received by children and families designated to receive demonstration services and will compare these costs with those of services available prior to the start of the demonstration, or that were received by the children and families that were not designated to receive demonstration services. The cost analysis will also include an

examination of the use of key funding sources, including all relevant Federal sources such as titles IV-A, IV-B, IV-E and XIX of the Act, as well as State and local funds. The purpose of the analysis will be to compare the costs of services available through the demonstration with those of services traditionally provided to children and their families. Where feasible, a cost-effectiveness analysis will be conducted to estimate the costs of each successful outcome achieved through the demonstration. This analysis will be conducted using one or more of the key outcome measures for which a statistically significant difference is identified.

3.5 Evaluation Reporting Requirements: The following reports and documents shall be provided to the Department for review and approval (also noted in Section 5):

- The State will submit to the Department for review a draft of the specifications or Request for Proposals (RFP) for the agreement to conduct an evaluation of the demonstration within **60** days after acceptance of these Terms and Conditions. The draft specifications must detail the objectives of the project, the evaluation design, the specific tasks to be conducted, the time frames for conducting those tasks, and a schedule and list of deliverables. The research questions, key variables, data collection methods, sample sizes and other aspects of the evaluation noted in these Terms and Conditions will be clearly described.
- The State will submit an evaluation plan to the Department for approval within 90 days after the evaluation contract is awarded. The evaluation plan must present the underlying logic linking interventions to expected outcomes, the research question to be studied, the major variables to be measured, the final sampling plan, the data sources (including an assessment of the reliability and validity of each source), data collection procedures, and the major data analyses to be performed. The plan will describe the **procedures for randomly assigning cases to the experimental and control groups.**
- Not later than 60 days after the conclusion of the 10<sup>th</sup> quarter of the demonstration **following the demonstration's implementation date**, the State will submit an interim evaluation report (see Section 5). The report will include a process analysis of the evaluation to date and any outcome data available at that time. The report will also include a brief description of the outcome and cost components of the evaluation planned and note any issues or problems anticipated in completion of these components. If the findings are unclear or incomplete, the Department may request revisions and resubmission of the report.
- Not later than six months after the conclusion of the demonstration (20<sup>th</sup> quarter), a final report integrating the process, outcome and cost components of the evaluation will be submitted. If the findings are unclear or incomplete, the Department may request revisions and resubmission of the report.
- The State will post copies of the interim and final evaluation reports on the State's child welfare agency Website (see Section 5.10).

- Not later than six months after the conclusion of the demonstration (20<sup>th</sup> quarter), the State will have the evaluation contractor produce and make available public-use data tapes, including documentation necessary to permit re-analysis of the data gathered during the course of the evaluation.

Public release of any evaluation or monitoring reports required under this agreement will be made only by the Department or the State. Prior to public release of such reports, the Department and the State will have at least a 30-day period for review and approval.

- 3.6 Program Changes: Additional program changes that are not applied equally to experimental and control/comparison groups, or that would substantially affect the evaluation of the demonstration, must be approved by the Department as an amendment to these Demonstration Project Terms and Conditions.

## SECTION 4: COST NEUTRALITY

4.0 As required by section 1130(h) of the Act, the amount of Federal funds expended for this project may not exceed the amount of such funds that would be expended by the State under the State plans approved under parts B and E of title IV if the demonstration project were not conducted. Therefore, except for costs of evaluating and developing this project (as specified in Sections 4.4 and 4.5 below), starting with the deemed beginning date (see Section 1.5) the operation of this demonstration is to be cost-neutral to the Federal government with respect to maintenance and administrative costs for titles IV-B and IV-E of the Act.

4.1 Section 4 Terms:

Costs. All references made to costs (unless otherwise specifically noted) consist of total computable (gross) costs. The Federal share of demonstration project costs will be computed using the matching rate applicable to the funding category.

Maintenance Costs. All references made to maintenance costs include title IV-E allowable foster care maintenance assistance payments (per Section 475(4)(A) of the Act), and such other costs for cases deemed as title IV-E allowable through a waiver granted for this demonstration project.

Administrative Costs. All references made to administrative costs include title IV-E allowable administrative costs (per Federal regulations at 45 CFR 1356.60(c)) for in-placement and candidate activities and other costs deemed as title IV-E allowable through a waiver granted for this demonstration project.

SACWIS Costs. All references made to SACWIS costs include title IV-E allowable SACWIS costs (per 45 CFR 1355.57 and Part 95 Subpart F) for the development, maintenance, and operation of an automated system that is determined by ACF to meet the requirements to be designated as a Statewide Automated Child Welfare Information System (SACWIS). Title IV-E allowability of specific SACWIS costs is further subject to (in addition to these terms and conditions) ACF approval of an advance planning document (APD) or an operational advance planning document (OAPD), as applicable.

Training Costs. All references made to training costs include title IV-E allowable training costs (per 45 CFR 235.63 through 235.66(a), 1356.60(b), and Section 474(a)(3)(B) of the Act) for the development, delivery or participation in training by eligible IV-E agency staff and providers or professional partner individuals.

Cumulative. All references made to cumulative in the context of costs will indicate that costs are to be summed for all quarters from the deemed beginning date through the quarter in question.

4.2 The total costs of foster care payments shall be an amount determined by a base allocation as determined in Section 4.2.1 below plus any annual change factor or

exclusions as specified in Section 4.2.2. The results of this calculation are shown in Section 4.3, Table 1. The aggregate five-year sum of Federal share payments shall be the cumulative fixed payment that shall be made to the State. Receipt by the State of payments not greater than the cumulative fixed payment shall be considered cost neutral to the Federal government.

At least 90 days prior to implementation, the State shall submit to the Department for approval a document showing a fixed schedule of payments for the five-year demonstration period. The State may receive quarterly payments in accordance with a schedule of quarterly payments the sum of which do not exceed the total cumulative payments under the demonstration.

4.2.1 The foster care base allocation amount to be used for purposes of establishing a cap to reflect cost neutrality to the Federal government for demonstration project operations has been determined for each of the funding categories impacted by the demonstration project through the following processes:

Source of claims: The base amount is the calculated Federal Fiscal Year (FFY) total computable (gross) title IV-E Foster Care allowable claims (including current and prior quarter adjustments) submitted by the State on quarterly reports of expenditures and estimates (i.e. form ACF-IV-E-1 or CB-496, as applicable) during the specified time periods for the following cost categories and adjusted for baseline increases as specified below:

- **Foster care maintenance costs: Total computable costs of \$9,492,751. This total is calculated through a multistep process as follows:**
  - **Given the existence of title IV-E claiming concerns applicable to FFYs 2009 through the present (see section 2.5 for required development of a claiming improvement plan), title IV-E maintenance cost claims submitted in FFYs 2007 and 2008 were reviewed by the State to identify those claims for which “readily available documentation” (i.e. documented claims) is available to support title IV-E allowability as maintenance costs.**
  - **The State provided information on the documented claims and the associated number of children served. This information was utilized to calculate an average title IV-E maintenance cost claim per child for FFY 2007 and for FFY 2008.**
  - **The FFY 2008 calculated average claim per child was then adjusted for the impact of any maintenance rate changes promulgated in each subsequent FFY from 2009 through 2012.**
  - **The calculated documented average claim per child in FFY 2012 of \$8,737 was multiplied by the quarterly average of the form CB-496 average monthly number of children (1,087) receiving a title IV-E maintenance payment in the FFY (Part 1, line 41).**

- **The result of multiplying the child count and average claim identified above constitutes the documented maintenance base for the capped allocation.**

**This total is subject to recalculation, at the option of the State, if it can provide further documentation supporting additional title IV-E maintenance cost claims submitted in FFYs 2007 or 2008 along with associated child count information that establishes a different level of an average title IV-E maintenance cost claim per child. The recalculation would then utilize the revised claiming level to complete the calculation steps described above.**

- **Foster care administrative costs are contained within the capped allocation without any subcategory exclusions. Total computable costs of \$15,548,491. This total is calculated from the average annual title IV-E foster care administrative costs claimed on quarterly financial reports (form ACF-IV-E-1) submitted in FFYs 2008 through 2010 in the categories of in-placement and candidate administration.**

**This total is subject to recalculation, at the option of the State, if it can provide further documentation substantiating title IV-E allowable administrative costs for activities that were performed during FFYs 2008 through 2010 which were not included in title IV-E claims submitted for these periods, but are now determined as allocable to title IV-E foster care administration based upon the State's approved public assistance cost allocation plan. The recalculation would then add the additional claims to complete the calculation step described above.**

Application of base allocation: The base amount will be applied separately in determining annual allocations for maintenance assistance payments and administration.

- 4.2.2 The payments for each full FFY during the 5-year operational period of the demonstration project shall consist of the base amount adjusted each FFY by the change factor(s) and the exclusions described in the subsections below. Thus, payments in the second and subsequent full FFYs of demonstration operations will equal the amount calculated for the prior FFY plus any further applicable changes. Payments for demonstration operations during any partial FFY will be pro-rated proportionally by quarter to reflect the portion of the FFY when the demonstration project is operational.

- 4.2.2.1 The annual allocation change factors applied have been determined by the following process:

- a. **Maintenance assistance payments:**
- **Growth rate based on three year average annual rate of change in the ratio of total computable maintenance payment claims to**

average monthly number of children served.

- **The net impact of a redesign in the State’s maintenance payment rates which is scheduled to be effective starting July 1, 2014 and will significantly impact title IV-E claims beginning in FFY 2015 is factored into the allocation level for FFY 2015 and subsequent periods with appropriate adjustments to assure proper consideration of this factor in relation to the three year average change rate factor described above. This action is based on the understanding that the identified rate redesign is mandated by State law and that the State will immediately notify the Children’s Bureau if there is a change in the level or timing of this action. Upon such notification, this change factor will be appropriately revised.**
  - **If the State is able to substantiate that its reported average monthly number of children assisted data on form CB-496 Part 1, line 41 for any FFY (average of four quarters) during which this project is operational exceeds 1,103 children (representing a population increase of 1.5% per year from the base number of 1,087), the actual line 41 number for that FFY will be used in calculating the maintenance allocation level (as described in section 4.2.1) for that FFY only.**
- b. Administration: Growth rate based on three year average annual rate of change in the ratio of total computable title IV-E foster care administrative cost claims in all subcategories.**

4.2.2.2 The foster care costs excluded from the cost neutrality calculation and thus subject to payment outside of the capped allocation are as follows:

- a. **Any allowable SACWIS developmental or operational costs will be excluded from the calculation of the demonstration’s capped allocation (see Section 4.3), and will be reimbursable separately in addition to the amount of the capped allocation.**
- b. **Any allowable staff, provider or professional partner training costs will be excluded from the calculation of the demonstration’s capped allocation (see Section 4.3), and will be reimbursable separately in addition to the amount of the capped allocation.**

4.3 Federal title IV-E payments to the State for this demonstration, including expenditures of any realized savings, will be made for amounts in accordance with Table 1 (shown below) quarterly based on State estimates of demonstration expenditures for the next quarter in accordance with the payment schedule (as determined in Section 4.2 above).

**Table 1 - Nebraska Title IV-E Foster Care Total Computable Demonstration Project Capped Allocation Payments\***

Demonstration Project Funding Category	Base FFY Amount	FFY 2014 Allocation Cap	FFY 2015 Allocation Cap	FFY 2016 Allocation Cap	FFY 2017 Allocation Cap	FFY 2018 Allocation Cap	FFY 2019 Allocation Cap
Maintenance Payments	9,492,751	9,045,372	12,471,155	13,662,330	13,698,768	15,726,392	16,994,664
Administration	15,548,491	15,374,348	15,689,522	15,949,968	16,085,542	16,330,043	16,548,865
All Capped Categories	\$ 25,041,242	\$ 24,419,720	\$ 28,160,677	\$ 29,612,298	\$ 29,784,310	\$ 32,056,435	\$ 33,543,529

\* The amounts in Table 1 without application of the contingency factors discussed in Section 4.2.2.1 in each FFY.

Federal title IV-E payments for demonstration operational expenditures will be made for any quarter beginning in accordance with the dates specified in section 1.5 of these terms and conditions when the demonstration is in operation and for a total period of no longer than five years (20 quarters) thereafter.

Actual expenditures claimed for the demonstration project, including expenditures of any realized savings, along with estimates in advance of each quarter, will be identified separately on the ACF quarterly claim form, CB-496. Summary fiscal information on the results of the project must be reported in Part 3 as well as other applicable parts of form CB-496. These estimates and claims relating to the demonstration will be subject to review and deferral or adjustment according to the normal procedures for reviewing title IV-E estimates and paying title IV-E claims. All other title IV-E claims that are not related to this demonstration will continue to be filed in accordance with current quarterly claiming requirements for payments for allowable cost. The State must examine its cost allocation plan to determine whether any of the components will affect the calculation of or claiming for any administrative costs under title IV-E, and if so the State must submit an amendment to the cost allocation plan prior to the implementation date to address any such effects appropriately.

- 4.4 Developmental Costs. Developmental costs are the expenses the State incurs to establish the demonstration prior to the project's implementation. These costs are excluded from the cost-neutrality calculation. For activities undertaken prior to the implementation date specified in Section 1.5 above, the Federal government will match the approved administrative costs related to development of the demonstration project (otherwise called developmental costs) at the 50 percent matching rate without application of cost allocation. Such costs can begin with the preparation of the State's proposal and may also include automated systems development and changes, policy or procedures development, and staff training. Developmental costs do not include costs for activities performed on or after the deemed start date of project operations. No later than 30 days after the State formally accepts these Terms and Conditions, the State will submit a plan, for approval by the Department, designating which administrative costs will be treated as

developmental costs for purposes of this section (see Section 5.0). This section is not intended to supersede other requirements for Federal approval for administrative costs of the programs involved in the demonstration.

- 4.5 Evaluation Costs. Evaluation costs are expenses incurred by the external evaluator as well as those incurred by the State that are directly related to the evaluation effort. These costs are excluded from cost-neutrality calculation. Evaluation costs begin with the first evaluation planning activities and continue until the final evaluation report is submitted. Such costs will encompass all costs necessary to carry out the approved evaluation plan, including costs for evaluation activities carried out by State and local agencies as well as those carried out by the evaluation contractor. The costs of approved evaluation activities may be charged to title IV-E administrative costs without cost allocation so that the State may claim a full 50 percent of these costs as title IV-E administrative costs. The State shall address any changes needed to implement this provision through submission of appropriate amendments to its approved State cost allocation plans. Costs of evaluation that arise from the demonstration project(s) approved under these Terms and Conditions may be claimed for a reasonable period of time after the expiration of the period of this demonstration (Section 1.5) so long as the costs are for activities required by the evaluation plan(s) approved by the Department and are otherwise allowable and reasonable. Evaluation components not approved by the Department will not qualify for Federal matching funds.

## SECTION 5: MONITORING

The State will send all reports required in this section to the Children's Bureau, the Regional ACF Office, and the evaluation technical assistance contractor for this initiative.

- 5.0 The State must submit a plan, for approval by the Department, designating which administrative costs will be treated as developmental costs (see Section 4.4) no later than 30 days after accepting these Terms and Conditions.
- 5.1 Within 60 days of acceptance of these Terms and Conditions, the State will submit to the Department a draft of the specifications or Request for Proposal (RFP) and evaluation specifications for review.
- 5.2 Within 90 days following acceptance of these Terms and Conditions, the State will submit an Initial Design and Implementation Report to the Department for approval (see Section 2.4 for detailed elements of the report).
- 5.3 **Within 90 days following acceptance of these Terms and Conditions, the State will submit to the Department for approval a corrective action plan to prospectively address unresolved title IV-E claiming concerns previously identified through audit findings and Department deferral or disallowance correspondence as agreed upon by the Department and the State (see Section 2.5).**
- 5.4 The State shall submit quarterly progress reports beginning 90 days after the acceptance of these Terms and Conditions and continuing until implementation. The Initial Design and Implementation Report will serve as the first quarterly report. All subsequent reports are due no later than 30 days after the conclusion of each quarterly period and will include a basic update on the status of each activity or task identified in the Implementation Report. The report will also identify any problems encountered that may have an impact on the design or anticipated implementation schedule. Suggestions for resolving these problems will be provided for the Department's review and approval.
- 5.5 Once implementation has begun, semi-annual progress reports will be required throughout the project period summarizing project and evaluation activities and accomplishments during the reporting period as well as interim findings from the evaluation, if available. The semi-annual monitoring reports shall indicate issues or problems and resolutions regarding the implementation of the demonstration or evaluation as approved, including updates on the resolution of any significant problems identified in the implementation report. The State will address its progress toward implementing the Child Welfare Program Improvement Policies as described in Section 2.3. These reports are due no later than 30 days after the conclusion of each reporting period.
- 5.6 The State will submit an evaluation plan to the Department for approval within 90 days after the evaluation contract is awarded (Section 3.5). The evaluation plan must be approved by the Department prior to implementation.

- 5.7 The State will submit an annual accounting during the demonstration project period of all investments, public or private, made in coordination with the State to provide services under the proposed demonstration project.
- 5.8 The State will submit an Interim Evaluation Report 60 days after the conclusion of the 10<sup>th</sup> quarter **following the demonstration's implementation date** (Section 3.5). Additional reports may be proposed by the State and, subject to approval by the Department, may be considered allowable components of the evaluation of the demonstration.
- 5.9 The State will submit a Final Evaluation Report six months after the project ends, integrating the process study, the outcomes study, and the cost analysis (Section 3.5).
- 5.10 The State will post copies of the interim and final evaluation reports on the State's child welfare agency Website (see Section 3.5).
- 5.11 The State will submit, or have the evaluation contractor produce and make available, public-use data tapes, including documentation necessary to permit re-analysis of the data gathered during the course of the evaluation, six months after the project ends (Section 3.5).

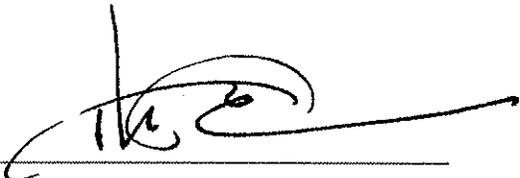
SECTION 6: TERMINATION PROCEDURES

- 6.0 Federal financial participation in demonstration activities requiring waivers will not be provided beyond the period approved by the Department.
- 6.1 As part of the Initial Design and Implementation Report (Section 2.4), the State will submit for the Department's approval a plan to phase down and end the demonstration to ensure that there are no demonstration-related Federal costs incurred beyond the period approved by the Department. All activities requiring Department approval must cease on the date decided by the Department if the project is terminated prior to the end of the 20<sup>th</sup> quarter after the deemed beginning date **of the demonstration**.

Approval:

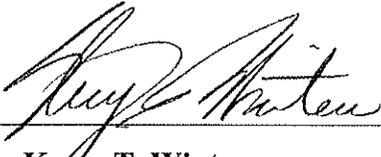
Acceptance:

  
\_\_\_\_\_  
JooYeun Chang  
Associate Commissioner  
Children's Bureau

  
\_\_\_\_\_  
Thomas D. Pristow  
Director  
Nebraska Division of Children and  
Family Services

9/30/13.  
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Date

October 15, 2013  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Kerry T. Winterer  
Chief Executive Officer  
Nebraska Department of Health  
and Human Services

10/9/2013  
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Date