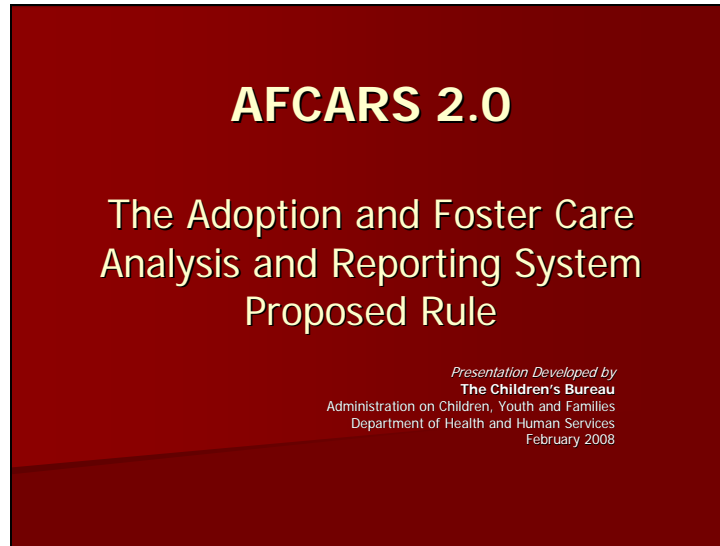


Slide 1



Welcome/Opening Remarks by Christine Calpin.

It is with pleasure that the Children's Bureau hosts this webinar on the AFCARS proposed rule.

I'd like to welcome the State Child Welfare Directors, SACWIS and AFCARS Managers, Child Welfare program staff, Federal staff and all other interested parties that have joined us on the call today. This proposed rule came together after consultation with you as stakeholders and so I hope that you view this, as we do, as a step towards being responsive for your needs for data.

We published the proposed rule in the Federal Register on January 11. We hope that you have had, or soon will have the opportunity to read the proposal thoroughly and send us your comments by March 11, which is the close of the comment period. The information for how to obtain a copy of the rule and send us your comments follows at the end of the presentation.

We intend for this presentation to provide highlights of the rule as a way to orient you as you prepare your comments. We are not taking questions and answers as a part of this presentation. Due to Administrative Procedures Act rules, we

cannot go beyond what is already stated in the proposed rule prior to issuing a final regulation.

In thinking through your comments on the proposed rule, we hope you will take into consideration how AFCARS data has informed existing State and Federal initiatives and what kinds of changes are needed to AFCARS to: 1) meet the law's mandate for certain information; and, 2) improve our understanding about children's experiences and outcomes regarding foster care and adoption.

Your comments will be most helpful if you explain the aspects of the proposal that you most want to see retained, refined, or eliminated, and the reasons why you are suggesting that we do so. We also would like for you to point out to us any aspects of the proposal that are unclear or any questions that you have about the proposal so that we can work through these issues prior to issuing the final rule.

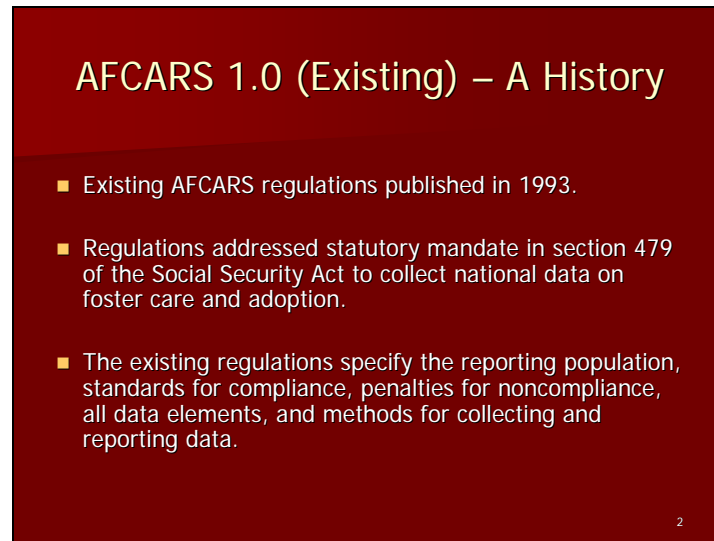
As with all rules, we will fully consider every comment that is sent to us that relates to AFCARS. We will respond to all comments sent to us in the preamble of the final rule.

Although I would like to give you a timeframe in which a final rule and implementation will occur, I am not in a position to do so at this time. You can keep up to date with our expected final rule publication timelines by reviewing the Unified Agenda that will next be published sometime in the Spring in the Federal Register

Until the time that we do have a final rule in place and implementation begins, the existing AFCARS requirements and procedures will remain in place, including the ongoing AFCARS assessment process and AFCARS program improvement plans, which are designed to ensure that States submit quality data to us that is reflective of children's experiences in foster care and with adoption.

The Children's Bureau is committed to working continuously with States, directly from our staff and through our National Resource Center on Child Welfare Data and Technology, to provide assistance to States on their data needs.

We look forward to hearing from you soon. I will now introduce, our Senior Policy Research Analyst Dr. Penny Maza, who has spent much of her Federal career analyzing AFCARS data, to provide you with the highlights of the proposed rule.

A dark red rectangular box containing white text. The title is "AFCARS 1.0 (Existing) – A History". Below the title is a bulleted list with three items. A small number "2" is in the bottom right corner of the box.

AFCARS 1.0 (Existing) – A History

- Existing AFCARS regulations published in 1993.
- Regulations addressed statutory mandate in section 479 of the Social Security Act to collect national data on foster care and adoption.
- The existing regulations specify the reporting population, standards for compliance, penalties for noncompliance, all data elements, and methods for collecting and reporting data.

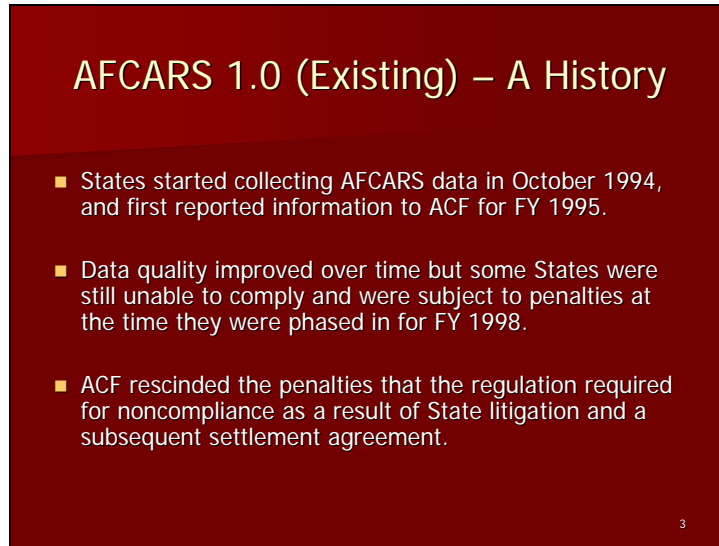
2

Before I talk about the highlights of what is new in the proposed AFCARS, I wanted to spend some time discussing how we have arrived at this point.

Up until the early 1980's, the Department sponsored various efforts to collect aggregate data from States on an annual and voluntary basis about children in foster care and special needs adoption. The most recent of these efforts was the Voluntary Cooperative Information System (VCIS) in conjunction with the APHSA (then APWA). The VCIS provided some data on child welfare, but had some inherent weaknesses which limited its analytic capacity.

In the mid 80's, title IV-E was amended to require that ACF establish a national data collection system for adoption and foster care. This system was to be designed after input from an advisory group and had to include certain demographic information on children, their foster and adoptive parents, children's placements, goals for permanency, and the nature and extent of governmental assistance.

As a result, we published a proposed rule in 1990 and a final rule in 1993 which established the requirements for AFCARS that exist today.

A dark red rectangular box containing white text. The title is "AFCARS 1.0 (Existing) – A History". Below the title is a bulleted list with three items. The first item states that states started collecting AFCARS data in October 1994 and first reported information to ACF for FY 1995. The second item states that data quality improved over time but some states were still unable to comply and were subject to penalties at the time they were phased in for FY 1998. The third item states that ACF rescinded the penalties that the regulation required for noncompliance as a result of State litigation and a subsequent settlement agreement. A small number "3" is in the bottom right corner of the box.

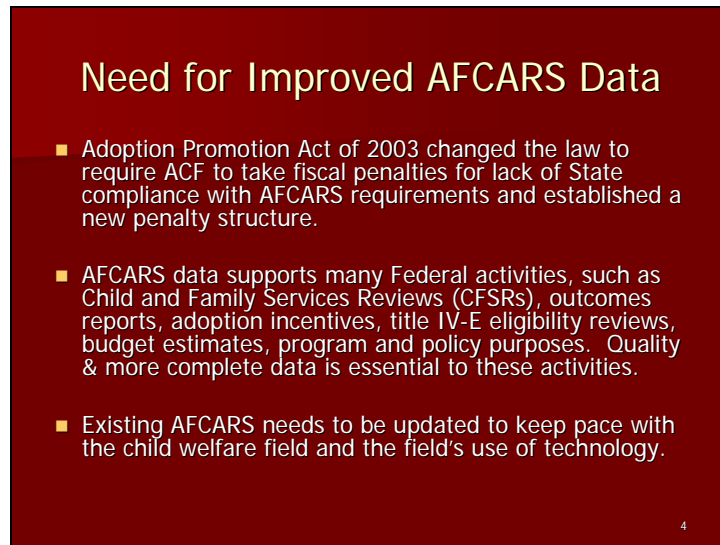
AFCARS 1.0 (Existing) – A History

- States started collecting AFCARS data in October 1994, and first reported information to ACF for FY 1995.
- Data quality improved over time but some States were still unable to comply and were subject to penalties at the time they were phased in for FY 1998.
- ACF rescinded the penalties that the regulation required for noncompliance as a result of State litigation and a subsequent settlement agreement.

3

States collected data at the beginning of Federal Fiscal Year 1995. As time went on, and particularly today after the increased use of AFCARS data in outcomes and monitoring activity, most States' AFCARS data improved.

All AFCARS requirements, including determinations of State compliance remained in effect.



Need for Improved AFCARS Data

- Adoption Promotion Act of 2003 changed the law to require ACF to take fiscal penalties for lack of State compliance with AFCARS requirements and established a new penalty structure.
- AFCARS data supports many Federal activities, such as Child and Family Services Reviews (CFSRs), outcomes reports, adoption incentives, title IV-E eligibility reviews, budget estimates, program and policy purposes. Quality & more complete data is essential to these activities.
- Existing AFCARS needs to be updated to keep pace with the child welfare field and the field's use of technology.

4

Subsequent legislation in 2003 mandated that ACF take penalties for noncompliance with AFCARS requirements. ACF notified States that we would not take penalties until issuing regulations.

These series of events brings us to our desire to improve AFCARS data and regulate a structure for ensuring quality data that includes implementation of a compliance and penalty structure.

Beyond needing to comply with the law, there are a number of reasons we cite for proposing new regulations at this time.

First, as you all are well aware, we are using data in ways that we did not, and, probably, could not have anticipated back in the 1980's and 1990's when we first developed AFCARS.

Through our use of AFCARS data in the Child and Family Services Reviews, outcomes measurement, and in supporting policy, planning and budgeting we have developed a better understanding dynamics of foster care systems.

Need for Improved AFCARS Data

- In April 2003 ACF officially solicited comments on improving AFCARS through the Federal Register.
- Most prevalent concern is that the existing data are not rich enough to provide an adequate picture of a child's experiences in foster care and adoption and/or reflect how State program changes impact those children.

5

With this understanding has come demands for more comprehensive information that more accurately reflects a child's experiences in foster care and adoption and/or is sensitive to how State program changes impact on those children.

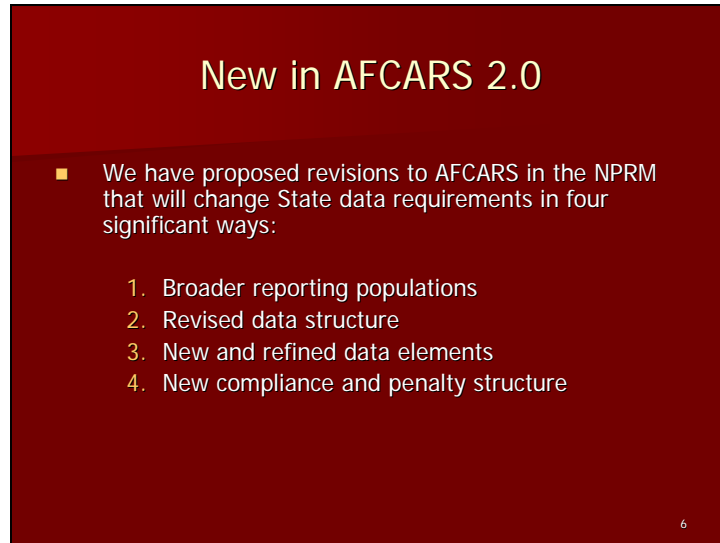
Not all areas that we or stakeholders are interested in are appropriate to regulate, but through internal discussions, review of Federal Inspector General and Government Accountability Office reports on child welfare data, focus groups with stakeholders, our experience, and a solicitation of public comments in the Federal Register notice, we settled on a proposed set of improvements to AFCARS.

These improvements are:

Consistent with the mandates in section 479 of the law for the collection of data

Consistent with our obligations to oversee and monitor State child welfare programs, and

Responsive to States, Federal and stakeholder need for a more comprehensive dataset that lends itself to more sophisticated analyses.



New in AFCARS 2.0

- We have proposed revisions to AFCARS in the NPRM that will change State data requirements in four significant ways:
 1. Broader reporting populations
 2. Revised data structure
 3. New and refined data elements
 4. New compliance and penalty structure

6

So what is new in AFCARS 2.0? We have made four broad kinds of changes: First, we have broader reporting populations which include: 1) children in all types of out-of-home care; 2) children under adoption agreements; and 3) children receiving guardianship subsidies.

Second, we are proposing a different data structure for reporting information. States will provide data that covers the child's entire experience in out-of-home care for certain elements as opposed to only point-in-time data. States will also provide ongoing information on children under adoption assistance agreements and those receiving guardianship subsidies. We've also proposed other changes such as eliminating the data summary files, eliminating the adoption file and shifting many of the data elements in the current adoption file to the out-of-home care file, and removing technical submission requirements from the regulation. Third, we have a number of new & refined elements, which we have selected to provide more detail on children's case characteristics.

Finally, we have a new compliance and penalty structure that is consistent with the 2003 change in law.

I encourage you to read the NPRM to get a better understanding of all of the changes that we are proposing. Now I want to go into some more detail on the four major changes I have highlighted.

Out-of-Home Care – Reporting Population

- The out-of-home care reporting population includes all children placed away from their parents or guardians for a period in excess of 24 hours under the placement and care of the title IV-B/IV-E agency regardless of placement.
- Type of out-of-home care living arrangement is not relevant to whether the child is in the reporting population. For example, the population is inclusive of children under IVB/IVE agency placement and care responsibility in foster family homes, detention, psychiatric hospital, etc.
- Children will no longer be in the reporting population when the agency's placement and care responsibility ends, the child returns to his parents (i.e., after care) or the child reaches the age of majority, unless they are age 18 or older and receiving title IV-E payments.

7

First, I want to discuss the 'out-of-home care' portion of AFCARS and, in particular, the reporting population.

In the current AFCARS, the foster care reporting population generally consists of children who have been removed from their parents/guardians for more than 24 hours and are under the placement, care and supervision of the title IVB/IVE agency.

We have rules that include children in the reporting population that go from foster care to detention, or are on trial home visits, depending on the situation. We understand that this variation in the reporting population has raised numerous questions for States and presented implementation and interpretation challenges.

Our proposal is to have a more definitive reporting population that includes all children placed away from their parents/guardians under the State agency's placement and care responsibility for a period of more than 24 hours. The placement setting in which the child is placed away from their parents/guardians will not factor into whether, or when, the child is reported to AFCARS.

States will clearly identify where and when children are placed in each out-of-home setting. This will provide more flexibility in our analysis of the data for such things as reports or the CFSR.

Out-of-Home Care - Data Structure

- The out-of-home care data structure contains a mixture of point-in-time and longitudinal data:
 - Most recent information based on a point of time in the period on certain characteristics of the child and originating household, such as diagnosed disabilities and race/ethnicity.
 - Most recent and historical (all) information on out-of-home entries and exits, moves between living arrangements, details on each foster family home provider, changes in permanency plan goal, etc.
- Child and family identifiers will remain the same for the child over time regardless of the jurisdiction within the State to ensure that data can be linked over report periods and to NYTD information.

8

Currently, States report foster care information as of the end of a six-month report period, although there are some elements that ask for a count such as number of previous foster care settings.

We are proposing to have States report ALL information that relates to the child's out-of-home care experiences. This means that each and every six-month report period, the State will report every entry into and exit from out-of-home care, each placement setting and details on each foster family home provider, and all permanency plans for the child. This will result in the case information being longitudinal.

We did consider more limited options where we could still collect information on the child over time, but cap the quantity of the information by limiting the number of out-of-home episodes or placements on which the State would provide details. However, we determined that the limited options would result in gaps in the data and would not necessarily result in less burden to States who would still have to figure out how to parse the information existing in their data systems to report it to us.

Finally, we propose to require States to report consistent child and family identifiers over time, no matter where the child is in the State. This will ensure that we can link a child's data across report periods with other family members, and to the National Youth in Transition Database.

Out-of-Home Care – Data Elements

- Refined Elements. Propose to keep the vast majority of elements currently existing in AFCARS but with revisions for clarity. For example we are modifying elements on:
 - Circumstances surrounding the child's placement into out-of-home care
 - Health, behavioral or mental health conditions
 - The child's prior adoptions
 - Reasons for the child exiting care
 - The child's receipt of title IV-E and other Federal assistance
 - Foster family homes and other living arrangements

9

We are proposing to keep most of the existing elements related to out-of-home care. In some cases we propose making refinements to them.

Some of these changes involve separating concepts that we believe are too broad. For example, in the existing AFCARS for the removal circumstances element, children who are prenatally drug-exposed are reported along with youth who have drug use issues. In the proposal, we have separate response options for each issue.

Similarly, we have proposed expanding the response options that describe foster family homes to distinguish therapeutic foster homes and shelter foster family homes.

Further, we have proposed living arrangement types (currently called “placement settings”) for States to identify whether children are placed in juvenile justice facilities, medical or rehabilitative facilities, psychiatric facilities, residential treatment facilities or have run away.

These kinds of categorizations for living arrangements will also assist us in clarifying when children are indeed subject to the child protections under title IV-B and IV-E of the Social Security Act, and when they are outside the scope of our program rules.

Out-of-Home Care – Data Elements

- New elements. Proposed to better identify the characteristics of children in out-of-home care and their case. Some of the new elements include information on:
 - The child's environment just prior to the child's placement into care
 - The circumstances affecting the child and family during his or her stay in out-of-home care (including, substance abuse and need for mental health services)
 - The child's educational status
 - The child's involvement in the juvenile justice system
 - The child's siblings in out-of-home care
 - The child's own child(ren) living with them in care
 - The child's and foster parent's language
 - The location of the living arrangement and whether it is licensed/managed by a private agency
 - Any concurrent plans for the child
 - Termination of parental rights petitions

10

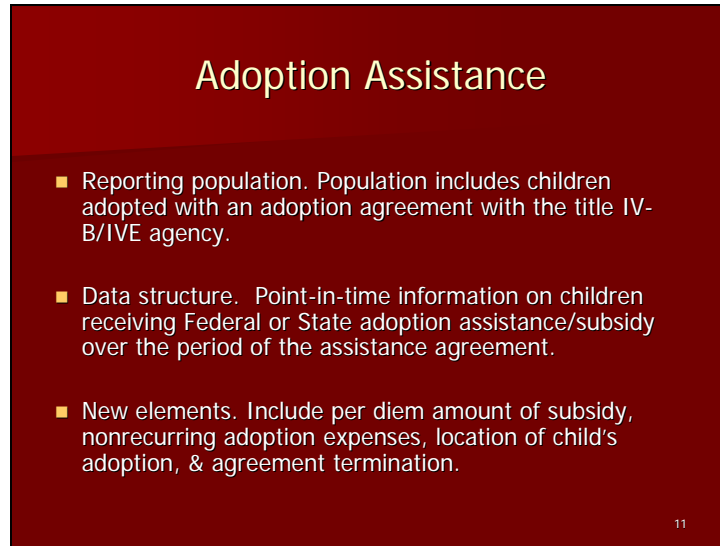
The new data elements are designed to obtain a more detailed description of children in out-of-home care, including the circumstances surrounding their entry into and exit from care, and the various events that occur while they are in care. For example, we have proposed elements that detail the household composition of the child's removal home and the child's environment immediately before entering care.

Another new set of elements focuses on the circumstances that affect the child and family during out-of-home care. In this existing AFCARS, States have had to report the circumstances that surround a child's entry into care, the time when workers know the least about the child and family. We are proposing that States report similar information at key points in the out-of-home care episode, including at the initial development of the permanency plan, at the time of the permanency hearing, once a year thereafter, and at the time of the child's discharge from out-of-home care.

We specifically coordinated the timing of the collection of this information to coincide with typical points of assessments of the child and family. We believe

this new element will lend itself to more sophisticated analyses of phenomena such as length of stay and outcomes for children in care.

We also took into consideration comments that identified additional elements that would significantly enhance the usefulness of AFCARS data. These elements include those which identify a child's involvement with juvenile justice, information on siblings in out-of-home care and infants living with their minor parents in foster care, some child-wellbeing information such as immunizations and educational status, the child and foster parent's language, and concurrent plans for the child, among others.



Adoption Assistance

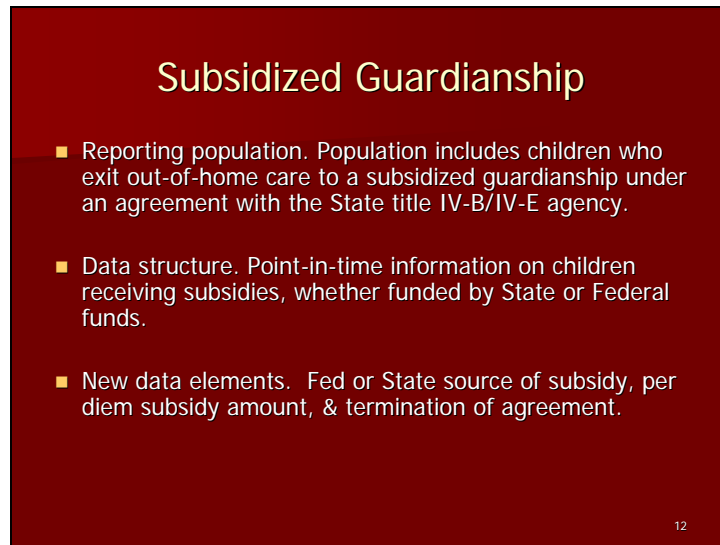
- Reporting population. Population includes children adopted with an adoption agreement with the title IV-B/IVE agency.
- Data structure. Point-in-time information on children receiving Federal or State adoption assistance/subsidy over the period of the assistance agreement.
- New elements. Include per diem amount of subsidy, nonrecurring adoption expenses, location of child's adoption, & agreement termination.

11

Let me move on to talk about the adoption assistance portion of the proposed AFCARS.

The proposed reporting population for adoption assistance includes all children adopted with an adoption assistance agreement with the title IVB/IVE agency. The agreement could be for Federal or State assistance, inclusive of a subsidy, nonrecurring expenses, or health insurance.

The data structure we propose is for point-in time data -- States will report information based on a certain time during the report period. The difference from the existing adoption data in AFCARS is that we propose for States to report ongoing information for the term of the adoption assistance agreement. So that we will be able to pinpoint the length of agreements and the amount of assistance provided under those agreements.



Subsidized Guardianship

- Reporting population. Population includes children who exit out-of-home care to a subsidized guardianship under an agreement with the State title IV-B/IV-E agency.
- Data structure. Point-in-time information on children receiving subsidies, whether funded by State or Federal funds.
- New data elements. Fed or State source of subsidy, per diem subsidy amount, & termination of agreement.

12

As I mentioned earlier, information on subsidized guardianship is a proposed new feature of AFCARS. We are proposing that States collect and report information on subsidized guardianships because we understand that it is a financially supported permanency option for children in foster care in more than half of the States. We believe, therefore, that our understanding of children in foster care and their permanency outcomes would be incomplete without this information.

Our proposed reporting population focuses on those children who are in subsidized guardianship arrangements with the title IVB/IVE agency and not all guardianships. Children who leave foster care to a non-subsidized guardianship will simply be reported with that discharge reason as part of the out-of-home care portion of AFCARS.

Our proposed data structure for subsidized guardianships is point-in-time information over the term of the subsidized guardianship agreement. We propose that States collect and report information in new data elements that indicate whether the subsidy is supported with title IVE funds (i.e., through an

approved demonstration waiver from ACF) or State funds, the daily amount paid for the subsidy and the date the agreement is terminated.

Compliance Standards

- Compliance is based on meeting two types of standards:
 - Basic file standards: timely file submissions, proper format, acceptable cross-file.
 - Data quality standards: certain elements must have no more than 10% of data that are missing, invalid, internally inconsistent or have tardy transactions.
- Compliance focuses on out-of-home care file.

13

In general, we are proposing to strengthen our ability to determine the accuracy and quality of data through improved compliance standards – we categorized these standards as either basic or data quality.

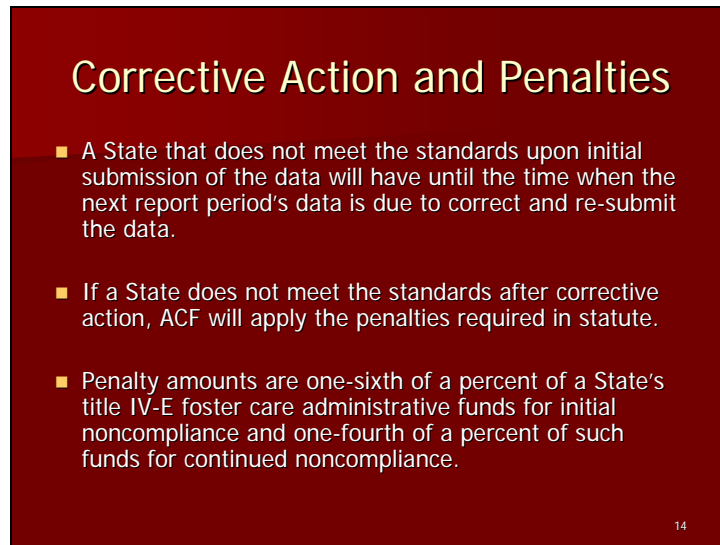
As we have in the existing AFCARS, we will have basic standards for submitting files on time and in the right format. New in this proposal is that we will not accept missing data in 7 of the basic identification elements, that is in elements like the State, Child ID #, report date and child's date of birth. These elements are so critical to our analysis of quality, that we have placed a 100% standard on them as part of the basic file standards.

For all other elements, to be in compliance a State has to have 10% or less errors in the data when it comes to having missing data, invalid data (previously known as out-of-range), internally inconsistent data, and tardy transaction dates. The specific compliance checks will be issued as policy, outside of the regulatory process.

Also new in this proposal is that we will analyze a State's whole file to identify what we consider as 'cross-file errors' which reflect systemic data problems. For example, a cross-file error would be if the State's report on 2,000 children in out-of-home care indicated that all children had the same date of birth.

It is also important to note while we value both the out-of-home care information and adoption and guardianship information, we are only proposing compliance standards for the out-of-home

care information. There were a number of reasons for our doing this which are discussed in the proposed rule.



Corrective Action and Penalties

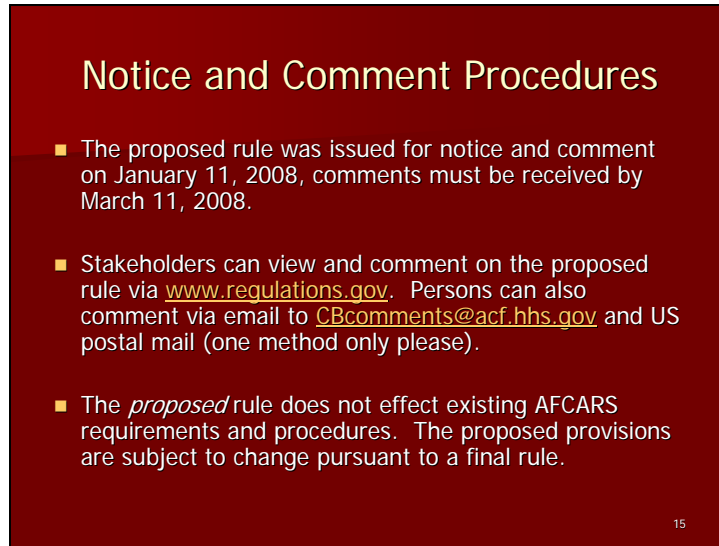
- A State that does not meet the standards upon initial submission of the data will have until the time when the next report period's data is due to correct and re-submit the data.
- If a State does not meet the standards after corrective action, ACF will apply the penalties required in statute.
- Penalty amounts are one-sixth of a percent of a State's title IV-E foster care administrative funds for initial noncompliance and one-fourth of a percent of such funds for continued noncompliance.

14

If a State is not successful in meeting the file or quality data standards on the initial submission of the data, the State has until when the next report period's data is due (i.e., just under six months) to correct its data and resubmit it to us. There is no corrective action PLAN, rather the State's resubmission must meet the standards.

If the State is still unable to meet the standards, we are required by the law as explained in the regulation to take a financial penalty.

The penalty amount is $1/6^{\text{th}}$ of one percent of the State's IV-E foster care administrative costs (inclusive of training and SACWIS) for the quarter when the file submission was due. Subsequent noncompliance is at a higher rate of $1/4^{\text{th}}$ of 1 percent of the State's IVE foster care administrative costs for the quarter. Penalties will continue until the State's data for the report period is in compliance.



Notice and Comment Procedures

- The proposed rule was issued for notice and comment on January 11, 2008, comments must be received by March 11, 2008.
- Stakeholders can view and comment on the proposed rule via www.regulations.gov. Persons can also comment via email to CBcomments@acf.hhs.gov and US postal mail (one method only please).
- The *proposed* rule does not effect existing AFCARS requirements and procedures. The proposed provisions are subject to change pursuant to a final rule.

15

That brings me to the close of the presentation. As I mentioned earlier, this is a very brief overview of the contents of the NPRM. The details that I couldn't get to today are discussed in the proposed rule itself.

You can find copies of the NPRM on regulations.gov and on the CB website. We encourage you to submit electronic comments on the proposal via regulations.gov or the CBcomments@acf.hhs.gov email.

We are interested in your comments and questions about the proposed AFCARS 2.0. We invite you to tell us what you think about the proposal in your written comments – both what features are a positive improvement and where you may want us to make further changes or clarifications. The comment period will remain open until March 11 – we look forward to hearing from you.