

**JOINT APPROPRIATIONS COMMITTEE
ON HEALTH AND HUMAN SERVICES**

NC FAST Project 4 Child Welfare System

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What is Our Child Welfare System Responsible For?

- All child welfare agencies in the U.S. have four core mandates from federal laws and regulations:
 - Respond to reports of child maltreatment.
 - Serve families in their homes and help them overcome difficulties and keep their children safe.
 - Provide alternative, safe living environments when children cannot be maintained safely in their homes.
 - Provide a safe, permanent home for children as quickly as possible.

Children in Our Child Welfare System

- **133,538 children were the subjects of 154,481 assessments for abuse and neglect in SFY 2018.**
 - **41% are children ages birth to five.**
- **21% (32,079) of assessments resulted in a maltreatment finding.**
- **Over the past four years, the number one reason for the neglect or abuse by the primary caretaker was substance abuse both alcohol and/or drugs, drugs being the largest factor.**
- **NC had 10,721 children ages birth through 17 years-old in foster care in SFY 2018.**

How Are We Doing Protecting Children?

- NC's state-supervised, county-administered child welfare system (one of 9 in the country) has been the subject of federal and third-party reviews.
- Findings show that the state is not consistently protecting children's immediate safety or ongoing harm.
 - 2015 Federal Child and Family Services Review (CFSR) assessed NC's child welfare system and found that NC failed to meet all 14 performance measures.

“Case review results identified concerns in both foster care and in-home cases related to premature case closures when safety concerns were present...The case review also revealed that cases were closed without addressing the presenting problem and the reason for agency involvement.”

- 2018 Center for the Support of Families review found that:

“Children and families in North Carolina who come to the attention of the child welfare system through a report of maltreatment are not consistently receiving a response that ensures the immediate safety of children and protects them from risk of future harm.”

“Children...are not being consistently served and supported in a way that ensures child health, safety, and protects against future risk of harm.”

NC FAST Project 4 (P4) Child Welfare System: How Did We Get Here?

The 2015 Federal Child and Family Services Review (CFSR) highlighted the need for a statewide child welfare data system:

- Counties don't have access to families' histories in order to make critical safety decisions.

“The challenges with the statewide information system can result in incomplete historical assessment information on individual cases for county staff working with families.”

- The state can't monitor if children are safe and getting what they need in all 100 counties.

“The lack of a statewide case management information system that allows the state to track child placement episodes across counties affects the state's ability to readily identify the status of children, including re-entry, placement history, and placement goals... and compromises the effectiveness of the state's continuous quality improvement efforts.”

How Did We Get Here? *(continued)*

- The state began consideration of a child welfare data system in 2005 and at that time conducted a full procurement to assess available options.
- The decision to create a child welfare data system for North Carolina by building a new component of NC FAST was made in 2015.
- In 2015, the DSS Directors Association voted to endorse use of NC FAST for child welfare system after looking at several other systems.
- In September 2015, a workgroup that included state and county Child Welfare staff developed business requirements (what the system needed to do and how it needed to perform).
- In February 2016, development of the NC FAST Project Child Welfare system began.

NC FAST P4 Child Welfare System Core Functions

- **Child Protective Services**
 - Intake: Social work process of receiving a report of suspected Child Abuse/Neglect.
 - CPS Assessment: Social work process to determine if children are being cared for in a manner that meets the minimal level of care required by law.
- **In-Home Services**
 - Social work case management services to address substantiated child abuse and neglect when child is able to safely reside in their home.
- **Permanency Planning (*Foster Care*)**
 - Social work and legal/court case management services to address child abuse and neglect that presents a safety risk to children requiring removal from their home.
- **Adoption Services**
 - Social Work and Legal processes to ensure children served by Permanency Planning have a permanent legal caretaker, including determining adoption assistance eligibility.
- **Foster Care Financials**
 - Federal and State reimbursements to counties for the cost of care of children as eligibility law and rule allows.
- **Foster Care Licensure**
 - Licensing to ensure that all providers of Foster Care services have met administrative rules applicable for that type of care, renewed every two years.

What Has Happened since P4 Rolled Out?

- The first version of P4 rolled out to 5 counties in August 2017.
- The original rollout schedule planned for a staged roll in with all counties using the full functionality by September 2018.
- Based on initial feedback from 5 pilot counties, DHHS leadership delayed planned rollout and instead extended pilot effort to additional 6 counties in March 2018.
- During March to May 2018, DHHS leadership required an in-depth analysis of P4 functionality, which found that the 2015 business requirements created for what the system needed to do and how it needed to perform were significantly inadequate.
- In March 2018, DHHS leadership made the decision to pause rollout and worked with pilot counties and IBM on intensive redesign process, beginning with redesign of Intake and Assessment functionality.
 - Pushed IBM for improvements and managed cost of pause and redesign within existing DHHS budget.

Where Are We Now?

- The redesigned Intake and Assessment Functionality has been deployed to the **11** pilot counties and **23** additional counties.
- DHHS has continued to work with IBM and the **11** pilot counties on the redesign of all other system functionality beyond Intake and Assessment.
- The redesigned functionality for In-Home, Permanency Planning and Foster Care Financials has not yet been deployed to any counties but is in testing.

Where are We Now?

Function	11 Pilots	Additional Counties
Intake	✓	✓ 23 Counties*
Assessment	✓	✓ 23 Counties*
In-home	✓	
Permanency Planning	✓	
Adoption	✓	
Foster Care Financials	✓	
Foster Care Licensure	✓	
ICPC	✓	

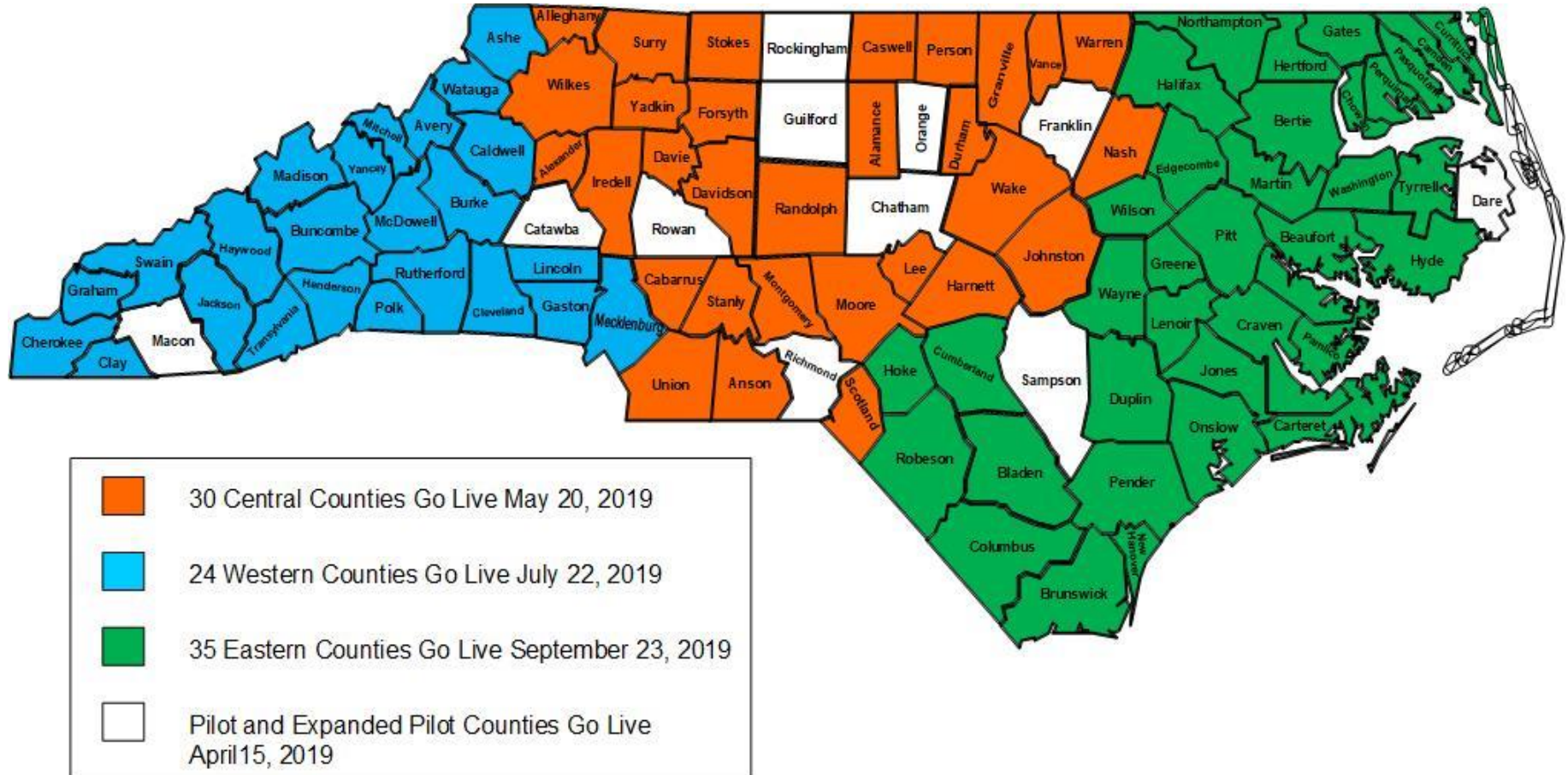
*23 Counties began using Intake and Assessment in January and February

What does *Paper Based County* mean and what functionality will they Go-Live with first?

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- 11 Pilot and Expanded Pilot Counties Going Live with I&A in November 2018
- 19 Western Counties Going Live in January 2019
- 4 Western Counties Going Live in February 2019



All Counties – Ongoing Functionality



**Pilots will get remaining updates in April 2019*

What Has Influenced Rollout Schedule?

- **Rollout timeline for NC FAST is driven by current state-appropriated budget and existing federal law and policy, including:**
 - Federal Program Improvement Plan (PIP) goals that explicitly identify NC FAST as solution to the lack of available, reliable child welfare data.
 - Federal Comprehensive Child Welfare Information System (CCWIS) regulations 45 CFR § 1355.50 – 1355.59 that we are subject to based on the federal funding we have drawn down for the NC FAST P4 Child Welfare System.
 - Federal CMS 42 CFR § 1007.19 - Federal Financial Participation (FFP) and Centers for Medicare and Medicaid Services (CMS) Office of Management and Budget (OMB) Circular A-87 Cost Allocation Exception that we are subject to based on the federal funding we have drawn down for the NC FAST P4 Child Welfare System.
 - Federal Advance Planning Documentation Title 45 Subtitle A Part 95 Subpart F § 95.635 *Disallowance of Federal financial participation for automated systems:* regulation allow CMS and ACF to seek disallowance for the entire title IV-E/IV-B expenditures to date.
- **Rollout timeline has been delayed and adjusted numerous times based on feedback, individual county needs, and other factors (Hurricane Florence).**

Current Rollout Based on Budget and Federal Obligations

- Additional paper-based counties are scheduled to begin with Intake and Assessment only end of March 2019.
- The NC FAST P4 full functionality deployment is currently scheduled to be completed statewide in October 2019.
- DHHS leadership has continued to closely monitor development of remaining functionality to determine if schedule needs to be adjusted/slowed to allow for additional development.

Considerations for Next Steps

- In December 2018, The Social Services Working Group (SSWG) report made the following recommendation, which was endorsed by the North Carolina Association of County Directors of Social Services in February 2019:
 - *Recommendation 4.a: The legislature and DHHS should immediately **reexamine the plan** to use NC FAST for the aspects of the child-welfare and aging-and-adult-services programs that require case-management functionality.*
- Currently proposed legislation would indefinitely suspend future rollout of any P4 functionality to additional counties beyond the original 11 counties and rollback use of intake and assessment functionality for any additional counties added after January 1, 2019.
- DSS Directors are generally in favor of suspension of rollout and rollback recommendation.
- DHHS has not begun any development for an aging and adult services case management system and has suspended any plans to begin development.

Current Expenditures To Date and Remaining SFY 18/19

- The current expenditures to date for Child Welfare are \$92M of which \$42M is state and \$50M is federal.
- Remaining Planned expenditures are \$11M of which \$5M is state and 6M is federal.

	P4 Expenditures through 1/31/19	Remaining SFY 18/19
State Employees	\$ 5,964,904.38	\$ 706,592
Contractors/Temporaries	\$ 85,819,002.56	\$ 9,778,408
Software	\$ 922,336.00	
Travel	\$ 41,383.04	\$ 500,000
Total	\$ 92,747,625.98	\$ 10,985,000
Federal	\$ 50,422,950.64	\$ 5,654,836
State	\$ 42,324,675.34	\$ 5,330,164

Budget for Child Welfare

- Planned current Child Welfare budget for SFY 19/20 is:

	SFY 19/20
State Employees	\$ 1,227,618
Contracts/Temporaries	\$ 9,467,854
Software	\$ 2,539,695
Travel	\$ 988,048
Total	<u>\$ 14,223,215</u>
Federal	\$ 7,065,699
State	\$ 7,157,516

- In addition, 19/20 overall NC FAST budget includes \$10,220,089 to move to 24x7 availability – of which \$2,433,459 is state and \$7,786,630 is federal.

Cost and Other Impacts To Slowing the Rollout

ASSUMPTIONS:

- DHHS would continue the rollout of intake and assessment only to the remaining paper-based counties and then suspend all other rollouts for one year.
- DHHS would continue to make improvements to intake and assessment and deploy to pilot counties and all other counties using intake and assessment.
- DHHS would continue to make improvements to all other P4 functionality and deploy to pilot counties.
- All rollout/implementation efforts would be completed by June 30, 2021.

COSTS/IMPACTS:

- Each additional month of slowed rollout costs approximately \$1.5M in State funds to extend contracted resources.
- Additional time would allow for further development and more training and onsite readiness support.

Cost and Other Impacts to Suspend

ASSUMPTIONS:

- 11 pilot counties continue to use P4.
- 23 counties currently using Intake and Assessment will stop using it and go back to a fully paper-based system.
- DHHS will continue to develop system, and deploy improvements to 11 pilot counties.

COSTS/IMPACTS:

- An indefinite suspension of P4 rollout could trigger payback if federal partners determine NC is not planning to continue rollout within a timeframe they deem acceptable.
- NC will be out of compliance with Federal Performance Improvement Plan (PIP) requirements, which could result in \$750,000 penalty if plan is not amended immediately.
- Resuming rollout after suspension will require an additional \$2.1M in State funds for rehiring and retraining contractors.
- Converting the 23 counties that are currently only using Intake and Assessment will require \$24,000 in State funds and also require counties to do manual conversions.
- Once rollout resumes, it will cost an additional \$3.8M in State funds to re-implement Intake and Assessment for the 23 paper-based counties.

Cost and Other Impacts to Discontinue

- A decision to discontinue the use of P4 Child Welfare may result in federal penalties/paybacks of approximately \$52M.
- If NC discontinues use of P4, we will need to rely on old child welfare legacy systems that have reached end of life and will need to be replaced.
- Costs for procuring and implementing a new system are not known at this time, but will likely match or exceed expenditures on P4.
- Moving to a new system will take multiple years for procurement, development, and deployment.
- Until state level child welfare data is available, the state will not be able to adequately demonstrate or know if children are consistently being protected from immediate safety or ongoing harm or meet federal performance indicators.

Finding Solutions

- **DHHS is committed to working with the General Assembly and DSS Directors to find a workable solution, given the current realities.**
- **DHHS is committed to prioritizing the important reform work needed to improve our child welfare system so that it protects the safety, security and well-being of children.**
- **Our shared goal is that all children get a healthy start and develop to their full potential in safe and nurturing families, schools and communities.**