THE ANNIE E. CASEY FOUNDATION

FAMILY FIRST PREVENTION SERVICES ACT FISCAL ANALYSIS

Guide and Tools

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This guide and tools were developed for the Annie E. Casey Foundation by Margaret Flynn-Khan, Kate Gaughen, Erin Flynn-Blair, and Lynn Tiede of Mainspring Consulting. Special thanks goes to leaders from the Hawaii Department of Human Services and Nebraska Department of Health and Human Services for their partnership in piloting the tools, and to independent contractor Dennis Blazey for his input.

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INTRODUCTION

The 2018 Family First Prevention Services Act made important changes to child welfare policy and financing, creating promising new opportunities for states and communities to support families and prevent children and youth from entering foster care. Maximizing these opportunities requires thoughtful planning. State and local child welfare leaders must examine the array of prevention services they already provide and consider existing or new services that can meet the needs of their children and families, as well as the Family First standards. Child welfare leaders must also understand the fiscal implications of implementing the prevention provisions.

Of particular significance, under Family First, families do not have to meet income-eligibility standards, as they do with Title IV-E funds, for states to receive federal reimbursement for prevention services. The law also put in place standards of evidence that prevention programs must meet to be federally reimbursable.

This guide and supporting fiscal analysis tools can help child welfare leaders conduct effective fiscal planning for the Family First prevention provisions. Mainspring Consulting piloted the fiscal analysis tools in Nebraska and Hawaii, working with child welfare leaders in both states to estimate the programmatic and administrative costs and revenues associated with different approaches to the Family First prevention provisions. Lessons learned from the pilot are incorporated throughout the guide.

ABOUT THIS GUIDE

There are three main fiscal issues that state and local child welfare leaders will need to consider while planning the implementation of prevention services under Family First: costs, revenues and potential savings. This guide is organized around these issues. Each section describes the relevant provisions of the Family First law, highlights key considerations for decision makers, shares lessons from the pilot of the fiscal analysis tools and provides an overview of related spreadsheets. The fiscal projections developed in the spreadsheets can be used either to determine the fiscal implications of evidence-based prevention programs child welfare leaders have identified for their Title IV-E Prevention Plan, or to compare the costs of similar programs as part of the decision-making process. Leaders also may find it helpful to go back to the analysis as they begin to implement and adjust their projections, based on actual data on costs and take-up of programs.

OVERVIEW: CALCULATING THE FISCAL IMPLICATIONS OF PROVIDING FAMILY FIRST PREVENTION SERVICES

Costs: To determine the fiscal implications of amending its IV-E plan to offer IV-E-funded prevention services, a state first needs to project how many children and families will be served, what services will be provided and how much they will cost. In addition to program implementation costs, projections must include administrative costs associated with case management, assessments, referrals, contracting, monitoring, evaluation and reporting.

Revenues: The second important piece of the fiscal puzzle is the revenues that will offset costs. States should review what they spend on providing in-home services to families with an eye toward maximizing

IV-E reimbursement. States will need to determine how much federal IV-E funding they will draw down to offset costs, as well as other available resources to support services — for example, state and local funding, Medicaid and federal block grant dollars.

Savings: Finally, states should consider what cost savings they will achieve over time. The goal of offering prevention services is to reduce the number of children and youth entering or reentering foster care. If prevention services are successful, states should see savings in their spending on out-of-home placements and related administrative costs.

BEFORE USING THIS GUIDE

This guide is designed to be used as part of a broader planning process. While most states are implementing a range of prevention services with various funding sources, this guide is focused on helping leaders to understand the costs of prevention services eligible for IV-E reimbursement under Family First. Key decisions about implementation of Family First prevention services will need to be made prior to assessing fiscal implications. A comprehensive planning process should include the following steps:

- Convene a planning group of stakeholders.
- Review federal requirements and options.
- Consider existing prevention programs and nonvoluntary in-home services, including case management.
- Reach agreement on key implementation decisions. *(See text box.)*
- Project costs, revenues and savings.

Stakeholders must be involved in the planning process, including state, county and tribal child welfare agency staff; service providers; court personnel; legal advocates; and organizations that represent birth, foster and adoptive families. Public agencies and private providers that deliver mental health and substance abuse services also should be engaged, including providers that may not currently serve child welfare-involved families and children but could under Family First. It will be important to understand the program models agencies are already utilizing and the current and potential capacity of those models.

ENGAGING STAKEHOLDERS IN FAMILY FIRST PLANNING: LESSON FROM THE PILOT

Hawaii's test of the fiscal analysis tools showed the importance of clearly defining the scope of prevention planning at the beginning of the process. Prevention can mean many things to different people, and not all stakeholders are familiar with the requirements of Family First. It was important to set the stage for planning by being clear that the process was aimed at developing a Family First – Title IV-E Prevention Plan focused on programming that targeted those at imminent risk for foster care who met the requirements of the law. It was also important to make clear that the IV-E prevention services would be just one piece of a broader continuum of prevention services supported by child welfare and other agencies. Clarifying the scope and expectations early in the process helped to ensure conversations could remain focused on the key questions that the child welfare agency had to answer to develop its Title IV-E Prevention Plan.

KEY IMPLEMENTATION DECISIONS

To estimate the fiscal implications of Family First prevention services, child welfare leaders must make implementation decisions related to eligibility, case management and administration and service provision.

- Eligibility
  - How will we define “candidates for foster care”?
  - How will we assess children and parents, and determine and document their eligibility for prevention services?
  - Will there be any role for courts in determining eligibility?
- Case management and administration
  - How will we provide case management for families receiving prevention services? Will we use public or private agency staff?
  - How will we continue to monitor safety and assess risk for children who remain at home and receive prevention services?
  - How will we coordinate with other agencies administering and delivering prevention services?
  - What will be needed to evaluate programs? Will we request waivers on evaluation requirements for well-supported programs?
  - What level of staffing will be required at our agency to administer the program — program managers, policy staff, contracting staff, IV-E specialists and data staff?
  - What systems will we use to track and report required data?
- Service provision
  - What prevention services are already available in our community or state? Are we (or other public and private agencies) funding any of the approved program models?
  - What are the needs of our children and families and what services or programs will we offer to meet those needs?
  - Who will deliver the prevention services? What services will be contracted out? What will agency staff be responsible for delivering?
  - Are there service areas where we will stop funding current models in favor of approved evidenced-based models? How are those services currently funded?
  - Will we need to develop capacity for new or expanded models in some service areas? Who will incur the costs of expanding services or programs (training and staffing, for example)?

- How will we monitor quality of implementation (such as equitable availability of the program), evaluate and report on the prevention services being provided?

ESTIMATING COSTS

Child welfare leaders will need to consider three categories of costs for Family First prevention services: *implementation costs* for the evidence-based prevention models selected; *administrative costs* for case management and administration, as well as evaluation and monitoring the fidelity of prevention programs; and *training costs* for in-home case managers and contracted agencies providing the evidence-based interventions.

The foundation for estimating costs is projecting the number of families and children who will use prevention services — a projection dependent on the definition of "candidate for foster care." The federal Family First legislation and guidance gives states flexibility when defining a candidate for foster care for prevention services. Once a definition is created, state leaders can use historical caseload numbers for the defined groups to project the number of candidates in future years.

The evidence-based program models included in the Title IV-E Prevention Plan are the second key factor driving costs. Looking at historical risk-assessment data on the groups defined as candidates for foster care, as well as the age distribution of children, can help to identify evidence-based programs targeted to the needs of families. This information can also be used to estimate the number of families and children who would receive each of the programs in your prevention plan.

To estimate costs, the tools accompanying this guide include spreadsheets for projecting caseloads and developing detailed program and administrative budgets. Program budgets include detail on start-up costs for evidence-based programs that are being expanded or newly implemented. A summary sheet calculates total costs. Before using the spreadsheets, it is important to review and understand the cost implications of relevant provisions of Family First. For more detailed information on Family First, please see the resources section at the end of the guide.

ESTIMATING COSTS: LESSONS FROM THE PILOT

Piloting the fiscal analysis tools in Nebraska and Hawaii provided important lessons in estimating the costs of implementing evidence-based prevention programs. In Nebraska, estimates based on cost information from program developers were generally lower than the rates providers included in their response to the state's Request for Qualifications. One reason for the difference: information about program costs from developers did not necessarily include time for tasks unique to implementation in the child welfare context, such as providing documentation for the case plan or participating in court hearings or team meetings. It is important for states to include these costs when developing rates for programs.

The pilot states also had to decide whether startup training costs would be part of a program provider's expenses or the child welfare agency would contract for statewide training. States planning for broad expansion of an evidence-based program will likely find it more efficient to contract for statewide training and claim IV-E administrative or training dollars for those costs.

ESTIMATING COSTS: KEY FAMILY FIRST PROVISIONS

Program Provisions

- Prevention services can be offered to:
  - a child who is a candidate for foster care, including guardianships or adoptions at risk of disruption and kin placements if the child is not under the placement and care of the state Title IV-E agency;
  - pregnant and parenting youth in foster care; and
  - parents or kin caregivers of eligible children and youth.
- Children and youth are eligible for prevention services up to age 18. In states that provide extended IV-E foster care services (up to age 19, 20 or 21), a young person over age 18 can be eligible for prevention services if:
  - a guardianship or adoption assistance agreement went into effect after the age of 16 and it is at risk of disruption, and the young person also meets the state's education and employment conditions and age requirements for enrollment in extended foster care; or
  - the young person is pregnant or parenting and also meets the extended foster care requirements.
- Prevention programs and services can include evidence-based mental health, substance abuse and in-home parenting supports, although Program Instruction 18–09 clarifies that "in-home" services can be delivered outside of the home.
- The Title IV-E Prevention Services Clearinghouse rates a program or service as either "promising," "supported" or "well-supported," or declares that it "does not currently meet criteria."
- There is a 12-month time limit on services. Program Instruction 18–09, however, clarifies that if children and families need services beyond 12 months, and the need for services is documented in their prevention plan, they can receive continuing months of service.
- States are *not* required to provide services in all counties and geographic locations, nor is the state required to provide the same type of prevention services in each elected jurisdiction.

Administrative Provisions

- States must submit a five-year prevention plan and meet certain statutory requirements, including:
  - monitoring the safety of children while services are provided;
  - monitoring prevention services to ensure fidelity to the practice model and to determine outcomes achieved; and

  - evaluating each service or documenting that the state is using well-supported practices and has a strong continuous quality improvement process is in place.

- A prevention plan must be developed for each child or youth receiving prevention services.

KEY CONSIDERATIONS

- As they work with providers to establish rates for evidence-based programs, child welfare agencies should consider the requirements for quality implementation of the program model, as well as requirements unique to the delivery of services in the child welfare context, such as clinicians participating in case planning and family team meetings or providing documentation in the case plan and to the court.

- In the current context of social distancing due to COVID-19, states may need to make adjustments to budgets to account for virtual training and delivery of services, including consideration of costs associated with devices and connectivity as part of start-up costs.

- Because states are not required to provide the same services or prevention services in all areas of the state, there is an opportunity to plan for scaling up over time and to offer different prevention services based on regional need.

- Many child welfare systems and service providers struggle with high turnover among staff. The tools' program budget spreadsheets ask for a turnover rate and build in ongoing costs of training due to turnover.

- Given the new administrative requirements of Family First, states should review their current caseloads for in-home service workers and determine whether the number of workers is adequate or should be adjusted.

- If a state plans to markedly increase the number of contracted service providers, it is important to consider whether there is a need to add staff capacity to the public agency's contracting units to manage the increased workload.

- Family First includes significant evaluation and data-reporting requirements. Cost estimates should include data-system, data-staffing and evaluation costs.

Spreadsheets for Estimating Costs

- Fiscal Analysis Workbook 1: Family First Summary Analysis

  - Worksheet 1: Projected Numbers Served

  - Worksheet 2: Administrative and Training Budget

  - Worksheets 3.1–3.5: Program Budgets 1–5

  - Worksheet 4.1: Total Three-Year Costs

- Fiscal Analysis Workbook 2: Detailed Program Budget Templates

For examples of analyses that can be produced with the workbooks, please refer to an example Family First Summary Analysis and an example of detailed program budgets.

APPROVED EVIDENCE-BASED PREVENTION PROGRAMS

The Title IV-E Prevention Services Clearinghouse reviews programs and determines whether they meet the evidence requirements in the law, and, if so, which level of evidence ("promising," "supported" or "well-supported"). Programs are categorized as mental health, substance abuse or in-home parent skill-based programs and services, with some models found to be effective across two or even all three of these program types. States must select programs included in their IV-E prevention plan from the Clearinghouse to receive IV-E prevention reimbursement.

Through October 2021, states may submit program models in their IV-E prevention plans that have not yet been reviewed by the Clearinghouse but meet the evidence requirements in the law, as documented by an independent review. The Clearinghouse is responsible for reviewing the information submitted and adding the program to the Clearinghouse if it does, in fact, meet the evidence requirements. States can receive transitional IV-E payments while the program is being reviewed. If the program does not meet the requirements, the state can no longer draw down IV-E funds to support implementation but does not have to reimburse the transitional payments.

ESTIMATING REVENUES: LESSONS FROM THE PILOT

One important element of the analysis of revenue for prevention services is Medicaid funding. Program Instruction 18–09 makes clear that IV-E should be the "payer of last resort" for prevention services. In the pilot of the fiscal analysis tools, some programs included in the fiscal analysis were covered under the state Medicaid plans. Their revenue was estimated by using data on the proportion of candidate parents and children who were eligible for Medicaid under the state's Medicaid plan. The analysis assumed that Title IV-E would fund services for those children and families who were not eligible for Medicaid.

For up-to-date information on program ratings, go to https://preventionservices.abtsites.com.

PROJECTING REVENUES

Once program and administrative costs have been estimated, states can project the revenues that will support those costs. States will need to start with an understanding of existing spending on prevention services and whether it is subject to Maintenance of Effort (MOE) requirements to demonstrate a constant level of year-to-year state and local funding. They will need to consider other funding streams available to support services, such as Medicaid, and project how much IV-E money could be drawn down to support prevention programs and administrative support. States will also need to think about what proportion of state spending will be spent on promising, supported and well-supported programs and whether these spending levels meet federal requirements.

Before using the spreadsheets, it is important to review and understand the relevant provisions of Family First that affect revenues, then consider their implications. For more detailed information on Family First, please see the resources section at the end of the guide.

PROJECTING REVENUES: KEY FAMILY FIRST PROVISIONS

- From 2019–2026, the federal match for prevention services is 50%. After 2026, the match is linked to the Federal Medical Assistance Percentage (FMAP) — a calculation comparing a state's per capita income with the national average. There is no income test for prevention services. Any "candidate for foster care," as defined by the state, is eligible. The match for administrative services and training is 50%.

- Family First requires that 50% of state spending be on well-supported programs, the highest level of evidence. The Family First Transition Act (FFTA) delayed implementation of evidence spending requirements as follows:

  - FY 2020 and 2021: A state may draw down IV-E dollars for prevention activities that meet any one of the levels of evidence criteria ("promising," "supported" or "well-supported").

  - FY 2022 and FY 2023: At least 50% of a state's IV-E prevention spending must be on supported or well-supported programs.

  - FY 2024 and future years, 50% of a state's IV-E prevention spending must be for well-supported programs.

- Administrative services that can be claimed under IV-E for prevention services include the following:

  - Activities to develop necessary processes and procedures to establish and implement the provision of prevention services for eligible individuals, policy development, program management, data collection and reporting and evaluation.

  - Child-specific administrative services, such as development and maintenance of the child's prevention case plan; case management activities, such as verification and documentation of program eligibility and referral to services; and preparation for and participation in judicial proceedings.

- Training costs that can be claimed under IV-E for prevention services include:

  - Training for public agency personnel or the members of staff of state-approved child welfare agencies providing services to children who are candidates for foster care and their families.

  - Topics can include how to determine who is eligible, how to make appropriate referrals, how to oversee and evaluate the program, as well as how to provide services.

- The state must supplement and not supplant "state foster care prevention expenditures" at the same level as FY 2014, which is the base year for Maintenance of Effort (MOE) calculations. States with a population of children less than 200,000 in FY 2014 may choose to use the expenditures for FY 2015 or 2016 instead.

  - "State foster care prevention expenditures" include any state or local spending as well as federal spending from Title IV-E, Temporary Assistance for Needy Families (TANF) or Social Services Block Grant (SSBG) on evidence-based prevention programs serving candidates for foster care and their parents or kin caregivers, or pregnant or parenting youth in care.

  - States calculate their MOE based on the programs approved by the U.S. Department of Health and Human Services (HHS) at the time they submit their five-year plan.

- Existing funding streams that can support services (such as Medicaid) should be allocated first**.**

KEY CONSIDERATIONS

- MOE will be calculated based on expenditures for programs approved on the Title IV-E Clearinghouse at the time the state submits its five-year prevention plan. Since additional programs will be approved on a rolling basis, states that submit their prevention plans sooner will likely have lower MOE levels.

- An important shift in Family First is that IV-E claims for prevention services and related administration and training are not subject to income eligibility. As a result, states that have been claiming IV-E administrative funding for case management for foster care candidates would benefit from transitioning those services and other administrative services supporting prevention to the Family First prevention option.

- Title IV-E is the payer of last resort. The extent to which IV-E is available for prevention services will depend in part on whether those services are eligible for Medicaid reimbursement. If services are reimbursable, but not all families receiving them are eligible for Medicaid, states can use Title IV-E to fund services for ineligible families.

- In cases where the provision of services would be delayed while getting Medicaid coverage and funding in place, states can begin services with support from IV-E and state funds and then transition to Medicaid.[*]

- Many states' FMAP is more than 50%. This means that the federal share of spending on prevention services will increase in 2026 and that the program could actually become less expensive to a state over time.

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[*] The Program Instruction 18–09 and legislation note that, while IV-E is the payer of last resort for prevention services, *"a state may use title IV-E prevention funding under section 474(a)6 to pay a provider for these services to prevent delaying the timely provision of appropriate early intervention services (pending reimbursement from the public or private source that has ultimate responsibility for the payment)."*

- An important shift under Family First is that states may claim IV-E training reimbursement on how to "provide" appropriate services, meaning that they can claim a 50% federal match for the cost of developer trainings and curricula for evidence-based programs. This is an important shift, as IV-E training dollars have always been restricted from paying for training in the provision of programs. For contracted services, states may also be able to include the cost of training staff in an evidence-based program as part of their program costs.

Spreadsheets for Projecting Revenues

- Fiscal Analysis Workbook 1: Family First Summary Analysis
    - Worksheet 2: Administrative and Training Budget
    - Worksheets 3.1–3.5: Program Budgets 1–5
    - Worksheet 4.2: Three-Year Budget With Revenue
    - Worksheet 4.3: State Spend by Evidence
    - Worksheet 4.4: Maintenance of Effort

CLAIMING FOR ADMINISTRATIVE SERVICES

There is a distinction between what "candidate for foster care" means under Family First and previous federal policy. Family First makes clear that the standard for defining who is a candidate for foster care articulated in the Child Welfare Policy Manual prior to passage of Family First *does not* apply to the act's definition of "candidate for foster care" for prevention services.

States can claim IV-E under both policies now. Family First administrative claims for case management for prevention services are limited to the time frame when the family receives evidence-based services. The previous policy, with its narrower definition of candidate, allows IV-E claims for the provision of case management for a longer period of time

ESTIMATING SAVINGS

Family First's investment of IV-E funding in prevention is intended to reduce the number of children and youth coming into foster care. These reductions should result in savings on foster care placements and related administrative expenditures over time.

ESTIMATING SAVINGS: LESSONS FROM THE PILOT

The pilot revealed that estimating savings is challenging because the data are limited to inform assumptions about how effective prevention services will be in avoiding entry to foster care. Many of the programs in the Title IV-E Clearinghouse were not created or tested specifically for preventing foster care. Rather, they have been tested for outcomes related to entry into care, such as the quality of parent-child relationships or specific parenting skills. The pilot made clear how difficult it is to project savings without data on implementation of the prevention services in the child welfare context. As a result, the approach to savings was modified in the final version of the tools to focus on estimating the reduction in placement days that are needed for the state to cover their prevention costs, rather than projecting total savings.

To track the prevention provisions' effect on entries into foster care, Family First requires states to report child-specific data, such as children's placement status 12 months after their prevention plan is established, whether a child entered foster care while receiving services or in the subsequent 12 months and the cost of services provided. A state or local fiscal analysis of prevention services should also consider savings from reductions in the number of children entering foster care. Due to the limited data available to inform estimates of total savings, these tools address savings by estimating the reduction in placement days required to cover the state's costs for prevention services. The analysis uses average daily costs of out-of-home placements to help states understand how much reduction in out-of-home placements would be required to break even on their spending for prevention services.[†] Once states have implemented services and reported a couple years of data, it will be more feasible to develop reasonable projections of total savings.

ESTIMATING SAVINGS: KEY FAMILY FIRST PROVISIONS

Anticipated savings on placement costs was an important fiscal rationale for Family First reflected in the reporting requirements for prevention services. States must report the following for each child who receives services:

- the specific services provided to the child and/or family;
- the total expenditures for each of the services provided to the child and/or family;
- the duration of the services provided;
- whether the child was identified in a prevention plan as a "child who is a candidate for foster care";
- the child's placement status at the beginning, and at the end, of the 12-month period that begins on the date the child was identified as a "child who is a candidate for foster care" in a prevention plan;
- whether the child entered foster care during the initial 12-month period and during the subsequent 12 months; and
- basic demographic information (age, sex, race and ethnicity).

Beginning in FY 2021, the Children's Bureau will be responsible for annually reporting the percentage of candidates for foster care who do not enter foster care and the per-child spending on prevention services.

KEY CONSIDERATIONS

- The savings analysis focuses on state spending for IV-E prevention services and state savings on out-of-home placements to help state child welfare leaders understand how much reduction in placement would be necessary for IV-E prevention services to be fiscally neutral for their state. The tools do not include federal savings.

[†] Reviewer Dennis Blazey recommended a break-even analysis of savings despite the limited data available for projections.

- Savings should include both the state placement costs and administrative costs associated with fewer children and youth in foster care, including fewer children in residential care.
- The estimate does not represent total projected savings, but the minimum savings on placements required to cover the state cost of prevention services.
- Once a state has implemented services and has data on placement status for children and families receiving prevention services, a fuller projection of savings can be developed based on the proportion of families successfully completing prevention services and avoiding entry into foster care.

Spreadsheets for Estimating Savings

- Fiscal Analysis Workbook 1: Family First Summary Analysis
  - Worksheet 5: Projected Savings

FAMILY FIRST RESOURCES

- Title IV-E Prevention Services Clearinghouse lists programs and services that have been reviewed and rated. It also provides guidance on the review process and standards. https://preventionservices.abtsites.com
- Children's Bureau Program Instructions
  - (PI) 20–04, February 27, 2020, provides guidance to states on applying for a one-time Family First Prevention Services Act Transition Grant. https://www.acf.hhs.gov/cb/resource/pi2004
  - (PI) 19–06, July 2019, provides instructions to state Title IV-E agencies on transitional payments for prevention programs. https://www.acf.hhs.gov/cb/resource/pi1906
  - (PI) 18–12, November 30, 2018, provides guidance to states on reporting quarterly financial information for Title IV-E prevention services. https://www.acf.hhs.gov/cb/resource/pi1812
  - (PI) 18–09, November 2018, provides instructions to state Title IV-E agencies on the Title IV-E prevention program requirements. https://www.acf.hhs.gov/cb/resource/pi1809
  - (PI) 18–07, July 2018, provides instruction for changes to the Title IV-E plan as a result of the Family First Prevention Services Act. https://www.acf.hhs.gov/cb/resource/pi1807
- Children's Bureau Information Memorandum (IM) 18–02, April 2018, provides basic information on the Family First law. https://www.acf.hhs.gov/cb/resource/im1802

SPREADSHEET INSTRUCTIONS

INTRODUCTION

The **Family First Prevention Services Fiscal Analysis Tools** include two Excel workbooks that help leaders analyze the fiscal impact of implementing Family First prevention services. The spreadsheets include three years of costs for evidence-based programs as well as administrative and training costs.

- *Fiscal Analysis Workbook 1: Family First Fiscal Summary Analysis*
  - This workbook includes 12 linked spreadsheets, including five for individual program budgets, that support the work to:
    - project the numbers of families and children that will be served by your programs;
    - estimate your administrative and training costs and revenues;
    - estimate your evidence-based program budget costs and revenues;
    - calculate Maintenance of Effort;
    - calculate state spending by level of evidence; and
    - estimate cost savings as a result of reduced placements.
- *Fiscal Analysis Workbook 2: Detailed Program Budget Templates*
  - This workbook has five worksheets that can be used to create detailed three-year program budgets. The five worksheets are identical and designed to include line items that are typically included for evidence-based models in both the startup phase and during ongoing implementation. The spreadsheets will produce a calculation of cost per participant for each program, to be used in the *Family First Prevention Services Act Summary Budget*.

Throughout both workbooks, cells are shaded where you are asked to enter information. The information in other cells will calculate based on data entered. Formulas are protected, but you can turn off protection by going to “Review” in the top menu and clicking “Unprotect Sheet.” No password is required. If you are not using certain fields or sheets (for example if you have less than five programs), it is better to leave sheets blank than to delete them, as this will help to avoid errors in summary formulas. Each sheet has a space at the top for agencies conducting analyses to enter their names.

If you have questions or need assistance with adapting the sheets to your needs, please contact the Foundation.

FISCAL ANALYSIS WORKBOOK 1: FAMILY FIRST FISCAL SUMMARY ANALYSIS

This workbook contains the following worksheets:

- Worksheet 1: Projected Numbers Served
- Worksheet 2: Administrative and Training Budget
- Worksheets 3.1–3.5: Program Budgets
- Worksheet 4.1: Total Three-Year Costs
- Worksheet 4.2: Three-Year Budget With Revenue
- Worksheet 4.3: State Spend by Evidence
- Worksheet 4.4: Maintenance of Effort
- Worksheet 5: Projected Savings

Sheet-by-sheet instructions for using the workbooks are provided below. (See an example summary analysis here.)

WORKSHEET 1: PROJECTED NUMBERS SERVED

This worksheet is used to project the total number of candidates who will be served by each program during the three years of your fiscal analysis. It begins with your projection of the total number of candidates for the three years of the analysis and calculates the number who would be served by each program based on age eligibility, risk factors the program addresses and a projected uptake rate for the program.

- **Lines 4 and 5** ask for the total candidate families and children based on your scale goals. If you plan to expand to different parts of the state over time, then you would indicate the total projected number of families and children who will meet your definition of “candidate for foster care” for each of the first three years of your implementation within the geographic region you will be serving.
- The total number of estimated candidates should be generated using historical data on the numbers served who meet your definition of “candidate for foster care” for prevention services. You will need the total number of candidate families and children.
- Since different program models are appropriate for specific populations with specific needs, we ask you to indicate on **lines 11–32** the proportion of your candidates who would be eligible for each program, based on:
  - The age served (if the programs serves children ages 0–18, this may be 100%).

  - The proportion of your candidates who would be eligible based on risk data. This comes from looking at the historical proportion of your families who have exhibited risk factors that the program addresses.
  - An estimated uptake rate. If you have experience implementing the program or similar programs with the same population, you may have historical data on uptake rates that can inform this rate. Program developers may also have data and insights on reasonable uptake rates. In the absence of good data, generate an estimated uptake rate with your stakeholders by answering the question, "What percentage of the total candidates for foster care for whom this program is appropriate would we expect to be referred, agree to participate and actually participate in the program?"
  - If the program is primarily directed toward family needs, then complete the family line. If eligibility for the program is primarily based on child risks, then use the child line. **Use only one of the two lines for each program.**

- If you know how many families you plan to serve with each program, based on, for example, previous implementation of the program, then you do not need to do the calculation for each program. You can override the calculation of projected numbers served for each program with your actual numbers (**lines 11–32, columns E/F/G**).
- While it is possible that a single family is enrolled in more than one evidence-based program at the same time, we assume for the purposes of this analysis that families would only receive one family or child service. Thus, total numbers served across programs are an unduplicated count. Because many of the approved programs are quite clinical and intensive, it seemed reasonable to assume a family would not likely participate in more than one program at the same time.
- Totals at the bottom of the sheet are calculated automatically. Some programs are directed at families, while others are primarily directed at children. For different components of the analysis, we need estimates on:
  - The projected total number of families who will receive any services, including those who are receiving a family service and those where one of the children is receiving a service.
  - The total number of children served — including children served by a family service. In **line 35**, we have used a formula that assumes that each family has, on average, two children. You can replace the two in the formula with your actual average.

WORKSHEET 2: ADMINISTRATIVE AND TRAINING BUDGET

This worksheet is used to estimate your costs and revenues for administrative and training functions, including case management, evaluation, fidelity monitoring, program management, data systems and contracting (essentially all of the costs other than your direct costs for evidence-based programs).

- The total families served number on **line 7** is the total number of families projected to receive an evidence-based program (not the total number of candidates) and will be pulled in from **worksheet 1, line 38**.
- Because case management costs can only be claimed while families are receiving evidence-based programs, **line 8** asks for the average number of weeks that families receive an evidence-based program and calculates the full-time equivalents (FTEs) for case management, based on the projected total weeks of service. You can calculate an overall average number of weeks served across programs based on the number of families served by each program model and the average length of service for each program (weighted average).
- The case management, case aide and supervisor staffing levels will be calculated based on the staffing ratios entered in **lines 10–12**. Note that the caseworker and case aide are based on clients served and that the supervisor is based on number of staff overseen.
- For other administrative and training functions enter the expected FTEs that will be needed for the IV-E prevention services program (this may be less than one FTE for some functions).
  - Average **annual salary and fringe benefit** amounts should be included for each position, based on a fully loaded annual rate.
  - The revenue lines (**lines 79–87 and 124**–**132**) include a space for federal block grant dollars if you plan to allocate these funds toward your prevention services administrative or training costs. Since federal dollars cannot draw down IV-E, the amount of federal block grant dollars supporting administrative and training functions is subtracted before estimating the federal IV-E draw down. If you want a fiscal analysis that estimates your maximum IV-E draw down, then you should not include federal block grant dollars as revenue.

WORKSHEETS 3.1–3.5: PROGRAM BUDGETS

Worksheets 3.1–3.5 provide a space to calculate your projected program costs and revenues for five programs, based on a per-participant cost per program and the projected numbers served. If you have less than five programs, just leave extra sheets blank. Do not delete them, as this will invalidate formulas in the summary sheets. If you have more than five programs, you can copy program sheets but will also need to adjust the formulas in summary sheets 4.1–4.4 and 5.

- The program name will pull from worksheet 1. Select the appropriate level of evidence from the dropdown list in **line 3** based on the IV-E Prevention Services Clearinghouse rating.
- On **line 9,** each program sheet includes the total participants served, which will automatically be pulled in from worksheet 1. If you have not used worksheet 1, you can overwrite with your projected numbers served for each program.
- The cost per participant on **line 10** should be the cost to complete the program. If the length of service for the program is more than 12 months, then the amount should be for 12 months of service.

- The detailed budget worksheets (provided in ***Fiscal Analysis Workbook 2: Detailed Program Budgets***) provide a template for developing a detailed budget and calculating cost per participant for each program. If you have previously contracted for the service or have received information from providers on cost per participant, you may not need to use the detailed budgets. However, if you anticipate startup costs, complete the detailed program budget worksheets to ensure accounting for these costs, which may not be reflected in historic cost data. Instructions for workbook 2 are included at the end of this document.
- Since IV-E is the "payer of last resort" and many of the approved programs are covered by state Medicaid programs, **lines 16–20** calculate estimated Medicaid revenue. If the program is not covered by Medicaid, leave these lines blank.
  - Not all families who are candidates for care will be eligible for Medicaid. If the service is for families, include the proportion of parents who are eligible. If the service is for children, include the proportion of children who are eligible.
- You can also include any federal block grant funds you plan to allocate to support the program **(lines 22–24**). If you do not plan to allocate federal block grant funds for the program, leave these lines blank.
- Finally, **lines 27–29** calculate the estimated federal IV-E revenue you will draw down to support programs and the state dollars required to draw down federal IV-E funds. Note that because the tool is designed to estimate costs for services that are IV-E eligible and there is no income requirement for IV-E, we are assuming that 100% of candidates served would be eligible for IV-E reimbursement for prevention services. You can add a IV-E penetration rate for prevention services, if you expect that some of your candidates would not be IV-E eligible because of failure to meet administrative requirements, such as developing a prevention case plan.
- **Line 31** provides the total state costs, including the state portion of Medicaid and IV-E.

WORKSHEET 4.1: TOTAL THREE-YEAR COSTS

This sheet provides a simple total of all costs across administration, training and programs. The totals will be pulled in and calculated from the previous sheets.

WORKSHEET 4.2: THREE-YEAR BUDGET WITH REVENUE

- All of the numbers from this sheet except **lines 10, 17 and 36** will populate from the previous sheets you have completed. **Lines 10, 17 and 36** ask you to put in "existing state spending." Child welfare agencies have typically been allocating funds to support in-home case management and family preservation services prior to implementation of Family First. On **lines 10, 17 and 36** you should fill in the amount of funds in your budget in the most recent fiscal year that you expect will support prevention services (both administrative and program services) included in your IV-E prevention plan. Once these amounts are entered, the "new state cost" provides you with the estimated net fiscal impact (or the new state spending that will be required) to implement IV-E prevention services.

WORKSHEET 4.3: STATE SPEND BY EVIDENCE

This worksheet will help you to determine if your program selection meets the evidence spending requirements in Family First, as amended by the Family First Transition Act.

- The worksheet will pull in your programs according to their level of evidence, listing program name in column B. It will also pull in State Match for IV-E amounts and calculate the percentage that each line is of the total spending.
- **Lines 9, 16 and 23** show the total spending on each level of evidence ("well-supported," "supported" and "promising"), as well as the proportion of total state spending each of these totals represents. **Line 34** shows the total spending on supported and well-supported programs combined and the percent of total state spending that total represents.
- You can use the proportions to determine if you have met the level of evidence-spending requirements:
    - FY 2022 and FY 2023: At least 50% of a state's IV-E prevention spending must be on supported or well-supported programs **(line 34)**.
    - FY 2024 and future years, 50% of a state's IV-E prevention spending program must be for well-supported programs **(line 9)**.
- The maximum state spending that will draw down IV-E funding will be the **line 34** amount times two in FY 2022 and 2023 and the **line 9** amount times two in future years.

WORKSHEET 4.4: MAINTENANCE OF EFFORT

This worksheet provides a space to determine whether the planned spending on programs would meet the Maintenance of Effort requirements in the law.

- **Lines 3–10** provide a space to calculate the MOE requirement. On these lines, include any programs delivered to candidates for foster care in FY 2014 that are on the Federal Clearinghouse at the time you submit your five-year IV-E prevention plan. Then indicate how much FY 2014 funding supported those programs from state and local funds, IV-B, TANF and SSBG.
- Projected spending from block grants will populate in **lines 16–19** and you can fill in your state MOE spending to determine if your projected spending will meet MOE requirements.

WORKSHEET 5: PROJECTED SAVINGS

This sheet provides a space to project the reduced placement days required to save sufficient dollars to offset the costs of prevention services for the three years of the estimate.

- The estimated total state match for IV-E spending will populate on **line 7** from **worksheet 4.2, line 42.**

- **On lines 10 and 11** provide your state's average daily out-of-home placement and administrative costs. These figures should only include the state portion of out-of-home costs and not include federal or state Medicaid spending on out-of-home costs.
- **Line 14** calculates the total reduction in the number of placement days that would be required for the three-year state spending on prevention services (from **line 7**) to be offset by savings on placement days.
- **Line 15** asks for the average length of stay per child in care. This average is used to estimate the approximate number of children represented by the placement days on **line 16**. Translating the reduction in placement days into an approximate number of children can be helpful in communicating with a variety of stakeholders about the level of placement savings necessary to cover your costs.

FISCAL ANALYSIS WORKBOOK 2: DETAILED PROGRAM BUDGET TEMPLATES

This workbook includes five identical sheets with the line items commonly needed to develop budgets for evidence-based programs. The template is meant to be a starting point to guide your development of a local budget for programs you have selected. You will need to create an individual budget for *each* of the selected programs. The template allows for up to five programs. If you have more than five, you will need to copy and add new worksheets. (See example detailed program budgets here.)

- Depending on the program, you may not have costs associated with every line item in the template or you may need to add other line items. Use the "Other" costs category (at end of both the startup and ongoing sections) for any added line items.
- Provide the program name at the top of the sheet. Use the dropdown menus to select the fiscal years you are including.
- Provide the information requested in the shaded cells. At the top of the sheet are the summary statistics:
    - Provide the number of participants to be served, caseload numbers and average weeks of service.
    - These figures will lead to calculations of the number of direct and supervisory staff required. Note that immediately below the calculated FTE, there is a cell for you to enter actual staff — this is to allow for rounding where necessary. For example, if the calculation returns 1.9 FTEs, you may choose to have 2.0 FTEs. The number you enter as the actual staff level will be used in the balance of calculations.
    - Enter the number of hours of training required for direct service staff and supervisors. This information should be obtained from the program model developer.

- The first section of the budget (**lines 31–62**) is for startup costs, including training costs and staff time for training. These costs will be applicable to implementation of new programs or expansion of existing program models. Number of hours will be pulled in from information entered in the first section. Enter the hourly rate, including both salary and fringe benefits, for each position.
- Enter training and other implementation costs. Most common line items for evidence-based programs are included. Cost estimates should be obtained from the program model developer. If you have other costs, list them under the "other" section.
- Enter your indirect rate as a decimal (.15 for 15%), and the indirect costs will calculate.
- **Lines 66–98** can be used to calculate the costs of ongoing program operations. You can use one of two options:
  - If a current cost per participant is available, that amount can be entered under Option 1. The worksheet will then calculate the total cost per participant, by combining startup costs with program operating costs.
  - If no appropriate cost per participant exists, Option 2 allows for the creation of a line-item budget to capture program operating costs and serve as the basis for determining the cost per participant.
    - Staffing costs — hours based on FTEs will be calculated for direct service staff and supervisory/administrative staff. Enter the hourly rate, including both salary and fringe benefits, for each of the three years. Add support staff or other direct staff on applicable lines; enter both the total hours and the hourly rate for these positions.
    - Materials costs — enter costs where indicated for each of the three years.
    - Other — includes a list of most common costs. Enter costs for each item. In addition, space is provided for entering other costs not captured in the template.
    - Indirect costs — Enter your indirect rate as a decimal (.15 for 15%) and the indirect costs will be calculated.
- Cost summary — once the sheet is complete, the summary will be calculated at the bottom of the sheet, providing the total costs and the cost per participant. The cost per participant will be used in the program detail sheets in the *FFPSA Fiscal Summary Budget,* as described earlier.