REPORT OF THE
DEPARTMENT OF SOCIAL SERVICES

Policies and Procedures Related to
the Management of the Special
Needs Adoption Subsidy Program

TO THE GOVERNOR AND
THE GENERAL ASSEMBLY OF VIRGINIA

HOUSE DOCUMENT NO. 25

COMMONWEALTH OF VIRGINIA
RICHMOND
2007
June 1, 2007

TO: The Honorable Timothy M. Kaine
    Governor of Virginia

    The Honorable Vincent F. Callahan, Chairman
    House Appropriations Committee

    The Honorable John H. Chichester, Chairman
    Senate Finance Committee

    Mr. Richard D. Brown, Director
    Department of Planning and Budget

FROM: Anthony Conyers, Jr.

SUBJECT: Report on the Policies and Procedures Related to the Management of the Special Needs Adoption Subsidy Program

The report contained herein is submitted pursuant to Item 338 O of the 2006 Appropriation Act which directs the Virginia Department of Social Services (VDSS) in collaboration with the Virginia League of Social Services Executives and the executive director of the Office of Comprehensive Services to conduct a study on the policies and procedures related to the management of the special needs adoption subsidy program.

For the past year the workgroup formed in response to this mandate has studied Virginia’s Adoption Assistance Program. As a result of this work, a number of recommendations have been developed. The implementation of these recommendations will improve Virginia’s Adoption Assistance Program and increase permanency for children with the goal of adoption.

AC:Irnm
Attachment
Report on the Policies and Procedures Related to the Management of the Special Needs Adoption Subsidy Program

PREFACE

The 2006 Appropriation Act (Item 338 O) requires the Virginia Department of Social Services in collaboration with the Virginia League of Social Services Executives and the executive director of the Office of Comprehensive Services to study and make recommendations related to the policies and procedures governing the Adoption Assistance Program. The report is to be presented to the Governor, Chairs of the House Appropriations and Senate Finance Committees and the Department of Planning and Budget on or before June 1, 2007.
# Report on the Policies and Procedures Related to the Management of the Special Needs Adoption Subsidy Program

## Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Summary</td>
<td>i</td>
</tr>
<tr>
<td>Study Mandate</td>
<td>1</td>
</tr>
<tr>
<td>Federal and State Program Authority</td>
<td>2</td>
</tr>
<tr>
<td>Program Background</td>
<td>2</td>
</tr>
<tr>
<td>Program Developments Leading to Increased Expenditures</td>
<td>2</td>
</tr>
<tr>
<td>Guiding Principles</td>
<td>5</td>
</tr>
<tr>
<td>Recommendations</td>
<td>5</td>
</tr>
<tr>
<td>Conclusion</td>
<td>9</td>
</tr>
<tr>
<td>Attachment 1</td>
<td>11</td>
</tr>
<tr>
<td>Attachment 2</td>
<td>14</td>
</tr>
<tr>
<td>Attachment 3</td>
<td>18</td>
</tr>
<tr>
<td>Attachment 4</td>
<td>20</td>
</tr>
</tbody>
</table>
Report on the Policies and Procedures Related to the Management of the Special Needs Adoption Subsidy Program

Executive Summary

The purpose of adoption is to place children who have been permanently and legally separated from their birth parents with adoptive families and to prevent adoption dissolution by providing services to strengthen and support families after the adoption is finalized. The legislation creating the Adoption Assistance Program (AAP) in Virginia was passed in 1974. For more than 30 years, Virginia has developed laws, policies and procedures to improve adoption opportunities for children who historically would have remained in foster care with no permanent goal.

The Adoption Assistance Program was developed to promote the placement of children in adoptive homes that were deemed “unadoptable” due to their medical, physical, or emotional conditions; hereditary or congenital problems; birth injury; or individual characteristics such as age, race or sibling status. As the adoption laws and policy developed, the emotional attachment of the foster parents to the children also became a criterion for state supported adoption assistance subsidies.

This report is in response to the legislative mandate to study the policies and procedures related to the management of the special needs adoption subsidy program as a result of unexpected increases in the level of expenditure growth. The Virginia Department of Social Services (VDSS) in collaboration with the Virginia League of Social Services Executives (VLSSE) and the executive director of the Office of Comprehensive Services (OCS) formed a workgroup to identify the causes of the expenditure increases and to make recommendations for the program’s future administration.

The findings of the workgroup include:

- There was a growth in the number of adoptions from 2005 to 2006 that was likely a response to a requirement in the Program Improvement Plan (PIP) to achieve adoptions within 24 months. Increases in the numbers of adoptions would correlate with expenditure growth.
- Expenditure growth related to the program has slowed and there are indications that some local departments of social services have slowed or stopped state funded adoption subsidies. This is apparently due to concern that the General Assembly and VDSS may not continue to provide full funding for the program in light of increased expenditures although the General Assembly and VDSS have always provided funding to meet the needs of the program.
- There is a disconnection between program and finance policies and procedures.
- The lack of uniform terminology, inconsistent policy, and lack of systems training had resulted in missing or incorrect date in the Online Automated Services Information System (OASIS).
There is a significant variation in the administration of the program among the 120 local departments of social services.

In order to address these findings, the workgroup recommends that Virginia embrace a new adoption philosophy guided by three basic principles. The three basic principles are:

- Subsidy should be based on the identified needs of the child;
- Administration/management of the AAP should be uniform across the state; and
- AAP should encourage permanency and not discourage adoption.

The workgroup has developed the following recommendations to improve the operations of the AAP:

1. Create a uniform Adoption Assistance Agreement that encourages linkage between the child’s need and service payment level.
2. Increase the use of federal Title IV-E funding for adoption assistance payments to adoptive parents.
3. Ensure the accuracy of data in the child welfare information system.
4. Establish clear and consistent policy and procedures, including definitions, in order to ensure consistency between program and financial reporting.
5. Establish clear adoption assistance practice guidelines.
6. Eliminate competing permanency incentives and disincentives.
7. Continue support of Virginia’s Adoption Assistance Program by the General Assembly.

Implementation of the recommendations found in this report should not only lead to an increase in the quality and cost effectiveness of Virginia’s Adoption Assistance Program, but also an increased emphasis on permanency for children.
Report on the
Policies and Procedures Related to the Management of the
Special Needs Adoption Subsidy Program

Study Mandate

The 2006 Appropriations Act, Item 338 O states:

1. The Department of Social Services, in collaboration with the Virginia League of Social Services Executives and the executive director of the Office of Comprehensive Services shall perform a comprehensive study of the policies and procedures related to the management of the special needs adoptions subsidy program and make recommendations. The study shall examine the relationship of the special needs adoption program to the federal Child and Family Services review Performance Improvement Plan requirements. The study's focus will be to examine the causes of recent expenditure growth and make recommendations on changes to moderate expenditure growth while continuing to meet the needs of the affected children.

2. In making its recommendations, the Department shall also examine the services provided under the adoption program and whether the appropriate levels of ancillary adoptive services and funding options are available to local departments of social services in developing a service plan for an adopted child and the adoptive family. The study shall make recommendations on (i) the establishment of a list of allowable ancillary adoption services for reimbursement and (ii) policy guidance on the use of alternative funding sources for providing adoption services.

3. Measures to be studied shall include, but not be limited to, setting income guidelines for prospective adoptive parents, utilizing available federal sources such as Medicaid, and setting rates for children’s residential facilities.

4. Neither the Commissioner nor the State Board of Social Services shall make programmatic changes related to adoption services without approval of the General Assembly and shall administer such program within the provisions of existing law, regulations and budget constraints.

5. The Department shall provide a report to the Governor, Chairmen of the House Appropriations and Senate Finance Committees, and the Department of Planning and Budget on or before June 1, 2007.
Federal and State Program Authority

The following provides the legal authority for Virginia’s Adoption Assistance Program:


State: Title 63.2, Subtitle III, Chapter 13 (§63.2-1300 et seq.) of the Code of Virginia and Virginia Administrative Code 22 VAC 40-260, Agency Placement Adoptions – Subsidy

In addition, the Virginia Department of Social Services (VDSS) policy related to adoption assistance is found in Volume VII, Section III, Chapter C, Part 8

Program Background

The purpose of adoption is to place children who have been permanently and legally separated from their birth parents with adoptive families and to prevent adoption dissolution by providing services to strengthen and support families after the adoption is finalized. The legislation creating the Adoption Assistance Program (AAP) in Virginia was passed in 1974. For more than 30 years, Virginia has developed laws, polices and procedures to improve adoption opportunities for children who historically would have remained in foster care with no permanent goal.

The AAP was intended to provide financial assistance to an adoptive family when the adoptive family could meet all the needs of the child except financial. This intent was included in both law and policy. Over the years, the policy was revised to support and maintain adoptions due to the special needs of the children. Attachment 1 provides an in depth description of the history of Virginia’s Adoption Assistance Program.

Program Developments Leading to Increased Expenditures

Virginia’s AAP expenditures have increased over time. However, these increases were unexpectedly high over the past several years, particularly in fiscal years 2004 and 2005. Adoption assistance funds are paid from either federal Title IV-E or State General Fund dollars. The sharpest increases during the time of disproportionate expenditure growth were to the portions of the program paid for with General Fund dollars. Figures 1, 2, and 3 show expenditure growth in the Adoption Assistance Program. Attachment 2 provides descriptions of Budget Lines and cost codes used by VDSS for funding the AAP.
Figure 1. Adoption Assistance Program Expenditure History

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Title IV-E</th>
<th>State (General Fund)</th>
<th>Total Expenditures</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>'92</td>
<td>$3,741,014</td>
<td>$4,105,890</td>
<td>$7,846,904</td>
<td></td>
</tr>
<tr>
<td>'93</td>
<td>$4,142,971</td>
<td>$5,300,843</td>
<td>$9,443,814</td>
<td>20%</td>
</tr>
<tr>
<td>'94</td>
<td>$4,975,310</td>
<td>$5,032,208</td>
<td>$10,007,518</td>
<td>6%</td>
</tr>
<tr>
<td>'95</td>
<td>$5,586,084</td>
<td>$7,265,659</td>
<td>$12,851,743</td>
<td>28%</td>
</tr>
<tr>
<td>'96</td>
<td>$6,129,549</td>
<td>$7,784,707</td>
<td>$13,914,256</td>
<td>8%</td>
</tr>
<tr>
<td>'97</td>
<td>$7,135,850</td>
<td>$8,169,925</td>
<td>$15,305,775</td>
<td>10%</td>
</tr>
<tr>
<td>'98</td>
<td>$8,863,552</td>
<td>$8,498,989</td>
<td>$17,362,541</td>
<td>13%</td>
</tr>
<tr>
<td>'99</td>
<td>$10,460,160</td>
<td>$8,868,117</td>
<td>$19,328,277</td>
<td>11%</td>
</tr>
<tr>
<td>'00</td>
<td>$11,933,231</td>
<td>$9,746,511</td>
<td>$21,679,742</td>
<td>12%</td>
</tr>
<tr>
<td>'01</td>
<td>$13,599,563</td>
<td>$10,424,353</td>
<td>$24,023,916</td>
<td>11%</td>
</tr>
<tr>
<td>'02</td>
<td>$18,075,922</td>
<td>$13,397,309</td>
<td>$31,473,231</td>
<td>31%</td>
</tr>
<tr>
<td>'03</td>
<td>$19,791,832</td>
<td>$15,556,355</td>
<td>$35,348,187</td>
<td>12%</td>
</tr>
<tr>
<td>'04</td>
<td>$20,752,500</td>
<td>$18,593,261</td>
<td>$39,345,761</td>
<td>11%</td>
</tr>
<tr>
<td>'05</td>
<td>$21,500,421</td>
<td>$25,570,592</td>
<td>$47,071,013</td>
<td>20%</td>
</tr>
<tr>
<td>'06</td>
<td>$23,596,771</td>
<td>$30,149,625</td>
<td>$53,746,396</td>
<td>14%</td>
</tr>
</tbody>
</table>

Figure 2. Title IV-E Adoption Expenditure History

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Expenditures</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>'00</td>
<td>$11,933,231</td>
<td></td>
</tr>
<tr>
<td>'01</td>
<td>$13,599,563</td>
<td>13.9%</td>
</tr>
<tr>
<td>'02</td>
<td>$18,075,922</td>
<td>32.9%</td>
</tr>
<tr>
<td>'03</td>
<td>$19,791,832</td>
<td>9.5%</td>
</tr>
<tr>
<td>'04</td>
<td>$20,752,500</td>
<td>4.8%</td>
</tr>
<tr>
<td>'05</td>
<td>$21,500,421</td>
<td>3.6%</td>
</tr>
<tr>
<td>'06</td>
<td>$23,596,771</td>
<td>9.7%</td>
</tr>
</tbody>
</table>

Figure 3. State Funded Adoption Expenditure History

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Purchase of Services</th>
<th>% Change</th>
<th>State Maintenance</th>
<th>% Change</th>
<th>Total Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>'00</td>
<td>$4,386,580</td>
<td>-</td>
<td>$5,359,931</td>
<td>-</td>
<td>$9,746,511</td>
</tr>
<tr>
<td>'01</td>
<td>$4,588,893</td>
<td>4.6%</td>
<td>$5,835,460</td>
<td>8.9%</td>
<td>$10,424,353</td>
</tr>
<tr>
<td>'02</td>
<td>$6,432,852</td>
<td>40.2%</td>
<td>$6,964,457</td>
<td>19.3%</td>
<td>$13,397,309</td>
</tr>
<tr>
<td>'03</td>
<td>$8,080,996</td>
<td>25.6%</td>
<td>$7,475,359</td>
<td>3%</td>
<td>$15,556,355</td>
</tr>
<tr>
<td>'04</td>
<td>$11,343,710</td>
<td>40.4%</td>
<td>$7,249,551</td>
<td>-3.5%</td>
<td>$18,593,261</td>
</tr>
<tr>
<td>'05</td>
<td>$16,945,580</td>
<td>49.4%</td>
<td>$8,625,012</td>
<td>19.0%</td>
<td>$25,570,592</td>
</tr>
<tr>
<td>'06</td>
<td>$20,135,336</td>
<td>18.8%</td>
<td>$10,014,289</td>
<td>16.1%</td>
<td>$30,149,625</td>
</tr>
</tbody>
</table>

VDSS determined that it needed to look into the AAP to determine what had caused the growth in expenditures. It was determined that the following events have contributed to the increases over time:

- The federal government pushed states to move children more quickly out of foster care and into permanent homes.
In 1997, Public Law 105-89, The Adoption and Safe Families Act, established universal outcomes for the safety, permanency and well being of children, including adoption of children within 24 months of their entry into foster care if they could not be returned to their prior custodian or a relative. In order to monitor the compliance of states with this and other child welfare outcomes, the federal government started conducting the Child and Family Services Review (CFSR) in 2000. Virginia’s first Child and Family Review occurred in 2003.

- **The CFSR found Virginia not in substantial conformity on the adoption goal.**

The 2003 CFSR found that Virginia was not in substantial conformity with the adoption outcome. Virginia responded with a Program Improvement Plan (PIP) which included a goal of increasing the number of adoptions completed within 24 months of entry in foster care from 20.2 percent to 23.1 percent. This goal was achieved in 2006. As of March 31, 2007 Virginia’s rate of adoptions within 24 months was 28.78 percent.

- **An increased scrutiny on the use of Title IV-E funds led to statewide reviews and a greater reliance on State General Fund dollars.**

As a result of federal reviews on the use of Title IV-E funds, Virginia shifted portions of AAP payments to General Fund dollars in order to ensure compliance with federal regulations. This shift was necessary because of a lack of consistent guidance as to what expenditures were able to be billed to Title IV-E.

In 2006, VDSS responded to the increasing expenditures by bringing together a workgroup and charging them with investigating the causes for the increase and finding ways to moderate the increase of expenditures without slowing adoptions. The workgroup was also charged with ensuring consistency between state and federal law. Local departments of social services were notified that the adoption assistance agreement was an agreement between the local department of social services and the adoptive parents, and that state law limits VDSS reimbursements to the local departments to the amount appropriated by the General Assembly for the AAP. This notification was based on advice from the Attorney General’s Office. While the General Assembly and VDSS have always provided funding to meet the needs of the adoption assistance program, concerns regarding the increased expenditures created uncertainty for many local departments of social services. Aware of the issues related to the AAP, the General Assembly requested this legislative study.

As a response to the legislative mandate for this study, the Adoption Assistance Workgroup (workgroup) was formed. The workgroup was comprised of individuals from VDSS, local departments of social services, the Virginia League of Social Services Executives, private child placing agencies, the Office of Comprehensive Services, and adoptive parents. (See Attachment 3 for a list of workgroup members.) The workgroup
reviewed the adoption assistance cases of multiple localities, hosted representatives from the National Child Welfare Resource Center for Adoption, and divided into subgroups to study the incorporation of a statewide rate system and to make recommendations for the larger group to review. Attachment 4 lists materials used by the group in their work.

The findings of the workgroup include:

- There was a growth in the number of adoptions from 2005 to 2006 that was likely a response to a requirement in the Program Improvement Plan (PIP) to achieve adoptions within 24 months. Increases in the numbers of adoptions would correlate with expenditure growth.
- Expenditure growth related to the program has slowed and there are indications that some local departments of social services have slowed or stopped state funded adoption subsidies. This is apparently due to concern that the General Assembly and VDSS may not continue to provide full funding for the program in light of increased expenditures although the General Assembly and VDSS have always provided funding to meet the needs of the program.
- There is a disconnect between program and finance policies and procedures.
- There is a lack of accurate data in the Online Automated Services Information System (OASIS).
- There is a significant variation in the administration of the program among the 120 local departments of social services.

**Guiding Principles**

In order to address these findings, the workgroup recommends that Virginia embrace a new adoption philosophy guided by three basic principles. The three basic principles are:

- Subsidy should be based on the identified needs of the child;
- Administration/management of the AAP should be uniform across the state; and
- AAP should encourage permanency and not discourage adoption.

**Recommendations**

**Guiding Principle: Subsidy should be based on the identified needs of the child.**

1. Create a uniform adoption assistance agreement that encourages linkage between child’s needs and service payment levels.

Federal regulations (Section 473 (a) (3) of the Social Security Act) and state law (§63.2-1302 Code of Virginia) require that adoptive parents must be in agreement with any reduction in levels of adoption assistance payments stated in the initial adoption assistance agreement. While this protects adoptive parents from purely budget-driven changes in adoption assistance payments, it de-links assistance from the needs of the child and tends to maintain payments at the original level over the entire course of an adopted child’s eligibility.
Children’s special needs may change over time. For some, those needs will become more intense due to unforeseen medical conditions or the consequences of earlier maltreatment. For others, special needs will diminish. The costs associated with the care of children whose special needs diminish should decrease just as costs may increase for those whose special needs grow.

The adoption assistance agreement should provide for periodic review and should include at a minimum, the effective dates, amount and type of services to be provided, length of such services, the responsibilities of the adopting parents, the potential needs of the child, and a statement that the agreement is binding to the extent state and federal funds are available. The agreement should require periodic review of adoption assistance payments based on a mutually agreed upon method for determining the child’s needs and assistance levels.

2. **Increase the use of federal Title IV-E funding for adoption assistance payments.**

A substantial portion of the AAP expenditure increase is tied to “difficulty of care” payments made to adoptive parents who adopt children with special needs that require additional supervision. These payments currently are paid from the State’s General Fund. However, if Virginia was to establish statewide level of care rates, these expenditures could be charged to Title IV-E for children who are eligible for that program. This would reduce the State cost by 50 percent since the Title IV-E Program is 50 percent federal and 50 percent State funds. Federal regulations (Section 473 (a) (3) of the Social Security Act) limit the availability of Title IV-E reimbursable payments (difficulty of care payments) to foster care without the incorporation of a statewide rate system. In addition, children who are eligible for Supplemental Security Income (SSI) before they are adopted would also be eligible for Title IV-E “difficulty of care” payments.

During its discussions, the workgroup recognized that the rate setting efforts needed to start with the Foster Care Program since approximately 82 percent of the parents adopting had been the child’s foster parents. The adoption assistance payment is closely related to the foster care payment that these individuals received. Also, in the 2007 Appropriation Act, there is language which mandates that the Office of Comprehensive Services complete a study looking at the feasibility of establishing statewide rates in the Foster Care Program. As a result of these two issues, VDSS has established a joint committee with the Office of Comprehensive Services to study the viability of establishing a statewide rate system based upon levels of care. The joint committee will involve a range of professional and consumer stakeholders so that the perspectives of all parties are represented, thus ensuring good stewardship of public funds.
The committee on rate setting will continue to study methods used in other states with existing rate systems to fairly and accurately determine the nature and intensity of the child’s needs on which payment rates could be based. It will continue to study existing rate systems used in other states qualifying for Title IV-E assistance with adoption subsidy payments to adopting parents.

Contingent upon the findings of the joint committee on rate setting, it is anticipated that VDSS will develop a reformed adoption assistance agreement consistent with a statewide rate structure for adoption assistance payments that includes a basic adoption assistance payment and graduated levels of care payments based on the changing special needs of the child as identified in periodic reviews.

**Guiding Principle: Administration/Management of the Adoption Assistance Program should be uniform across the State.**

3. **Ensure accuracy of data in the child welfare information system.**

   Missing or inaccurate data describing adoptions and related expenditures presented a serious obstacle in efforts to understand and respond to issues and questions concerning rising costs. As VDSS develops the requirements for the modified Statewide Automated Child Welfare Information System (SACWIS), it is essential that the collection and maintenance of accurate data become a priority. Thus, the workgroup supports the following:

   - Compatibility between the SACWIS and local financial management systems so that data entered locally can be electronically transported to SACWIS without redundant data entry or data loss, thus providing the ability to connect finance and program data.

   - Local user access to their own reports and real-time data on the State database so that errors/incomplete data elements can be caught and fixed quickly at the local level.

   - Consistent service/cost categories and required critical data fields/elements relevant to adoption assistance be included in SACWIS (using terms and definitions that are standard and uniform among all local and State level users).

   - Continuous feedback and improvements – SACWIS needs to allow for ongoing monitoring and modifications.

   - Future funding and resources be provided in order to adequately monitor and improve the SACWIS compliant system.
4. **Establish clear and consistent policy and procedures, including definitions, in order to assure consistency between program and financial reporting.**

Currently, adoption assistance terminology differs among localities, between localities and the State, and between the finance and the program units of VDSS’ Home Office. The differences compromise efforts to understand and respond to concerns regarding adoption practices and associated costs. The workgroup recommends:

- Revising policy to clearly define adoption assistance eligibility and allowable services and payments in order to provide a stronger connection between VDSS program and finance units.

- Providing training and technical assistance to local departments of social services on the revised policy.

- Providing ongoing monitoring for compliance with policy.

5. **Establish clear adoption assistance practice guidelines.**

There is a variation among local departments of social services regarding how adoption assistance payments are negotiated and delivered. Variations in the administration of the AAP make cost predictions difficult, and can undermine adopting parents’ confidence in receiving needed support. Adoption Assistance Agreements typically do not include a periodic reassessment of the child’s needs and therefore remain in place regardless of how these needs and the costs associated with meeting them may change.

In order to ensure consistent administration of the AAP, the Virginia Department of Social Services, in cooperation with the representatives from local adoption units and the Children and Families’ Committee of the Virginia League of Social Services Executives, should:

- Develop and implement practice guidelines that are consistently applied across the state without eliminating the flexibility required at the local level to make sound decisions based on the individual and changing needs of children.

- Emphasize, through training and various communications media, the importance of the adoption assistance agreement as the contractual basis for meeting the current and ongoing needs of children rather than only the initially identified needs.

- Involve stakeholders in the development of the practice guidelines and train, support, and monitor the guideline’s implementation.
• Analyze how the AAP can better utilize other revenues and resources such as Medicaid’s Early Periodic Screening Diagnosis and Treatment (EPSDT) program and tax credits.

Guiding Principle: AAP should encourage permanency and not discourage adoption.

6. Eliminate competing permanency incentives and disincentives.

The 2003 Child and Family Services Review found that Virginia was not in substantial conformity with the adoption outcome (32 percent of adoptions finalized within a fiscal year will be finalized within 24 months of the child entering foster care). The State’s Performance Improvement Plan (PIP) encouraged localities to reduce the length of time children stayed in foster care and increase the number of adoptions. Virginia avoided a financial penalty by meeting these goals. The effort to meet PIP goals may have resulted in a more liberal use of the state-supported adoption subsidy funds to encourage foster parents to adopt and do so within 24 months of the child’s entry into foster care. Current concern over the escalating AAP costs has caused anxiety among localities regarding the use of the State supported adoption subsidies and among adopting parents over public commitment to adoption assistance payments. In addition, policies addressing issues such as concurrent planning for children, increased recruitment and training of foster and adoptive families, and dual approval of families as resource homed (eligible to be either foster or adoptive families) would help Virginia achieve federal adoption standards. The workgroup recommends:

• The Adoption Assistance Program should reflect policies that promote reaching the federal adoption outcome.

7. Continue support of Virginia’s Adoption Assistance Program by the General Assembly.

Permanency for children has been and should continue to be, one of the Commonwealth’s highest priorities. As VDSS, VLSSE and OCS continue to work to address the findings of this workgroup to improve the policies and procedures guiding the Adoption Assistance Program, Virginia’s General Assembly should continue the support it has provided since the program’s inception. Clarity regarding responsibility for adoption assistance costs would help focus all parties on the needs of children for a permanent home.

Conclusion

For the past year the workgroup formed in response to the study required by the 2006 Appropriation Act, has studied Virginia’s Adoption Assistance Program. The workgroup
found that (1) improving the accuracy of data, (2) ensuring consistent and clear policies and procedures, and (3) improving the communication and connections between VDSS finance and program units will result in immediate improvements to the administration of the AAP. Additionally, a key finding of the workgroup is that developing a “levels of care” rate system would allow for a shift of payment for some children from state to federal sources, if the system addresses both Foster Care and Adoption.

While VDSS will continue to improve and monitor Virginia’s Adoption Assistance Program, efforts will also be expanded to better serve Virginia’s child welfare system as a whole. There will be a continued emphasis on permanency for children.

If the decision is made to move forward with the recommendations included in this report, VDSS is available to work with its state and local partners to develop any necessary statutory or regulatory changes, or any necessary policies and procedures.
Attachment 1
History of the Adoption Assistance Program

The purpose of adoption is to place children who have been permanently and legally separated from their birth parents with adoptive families and to prevent adoption dissolution by providing services to strengthen and support families after the adoption is finalized. The Adoption Assistance Program (AAP) in Virginia started with legislation in 1974. For over 30 years, Virginia has developed laws, polices and procedures to improve adoption opportunities for children who historically had remained in foster care with no permanent goal.

The AAP was intended to provide financial assistance to adoptive families when the adoptive families could meet all the needs of the children except financial. This emphasis is included in law and policy. Over the years, AAP was revised to support and maintain adoptions due to special needs of the children.

In Virginia, the Adoption Program is state supervised and locally administered by 120 local departments of social services. The State develops the policies and procedures that guide the use of state and federal funds in accordance with relevant laws and regulations. The local departments of social services develop and provide the services to children with the goal of adoption.

The current Adoption Assistance Program provides three types of payments: a maintenance payment, a special service payment, and a one time non-recurring payment. Adoption assistance payments are funded by the following sources:

- Title IV-E funds (50 percent federal/50 percent state)
- State (100 percent General Fund dollars)

The federal Title IV-E Program is open to those adoptive children who were receiving Title IV-E foster care payments before the adoption. Once an adoption takes place with an adoption assistance agreement in effect, the adoption assistance agreement becomes effective until the child is 18 years of age.

When the federal Child Welfare Act of 1980 passed, Title XIX (Medicaid) and XX (Social Services Block Grant funds) were extended to families who adopted children eligible for the Aid to Families with Dependent Children, now known as Temporary Assistance to Needy Families (TANF). States who accepted these funds were to provide adoption assistance program for non-Title IV-E children. Since 1993, there has been no local match in the AAP.

The number of children in foster care with the goal of adoption has averaged about 1600 per month for the past two years. As many as 50 percent of these children are over the age of nine, which makes them eligible for subsidy because of their age. Many of these children also have other special needs such as medical, physical and mental health conditions, which make finding an adoptive home for them challenging.
Attachment 2
Financial Documentation

The following documentation illustrates the expenditure history of Virginia’s Adoption Assistance Program (AAP). The Virginia Department of Social Services (VDSS) Budget Lines 812 and 817 refer to the AAP. Each Budget Line contains two cost codes which are: 81201 Adoption Subsidy, 81202 Non-Recurring IV-E Adoption Assistance; 81701 Special Needs Adoptions – Purchase of Services, and 81702 Special Needs Adoptions Maintenance. The following details the programmatic composition of each Budget Line/cost code, as well as an explanation of each line’s associated expenditure increases.

Cost Codes 81201 and 81202 are composed of payments that are reimbursed at a 50 percent match rate by federal Title IV-E dollars. Budget Line 81201 is referred to as Adoption Subsidy and is made up of basic maintenance payments for Title IV-E eligible children. Cost Code 81202, known as Non-Recurring IV-E Adoption Assistance, is made up of one time payments associated with costs to finalize adoptions for all children receiving adoption assistance, both Title IV-E eligible and those paid from state funds. Due to the minimal impact Budget Line 81202 has on the 812 Budget Line as a whole; Figure 1 illustrates the expenditure trends of 81201 and 81202 as an aggregate sum. Similarly, Figure 2 presents cost codes 81201 and 81202 by total expenditure amount and by percent change. Since fiscal year (FY) 2000, Budget Line 812 has seen a total percent increase of 104 percent.

Figure 1. IV-E Adoptions Expenditures History 81201 & 81202 (FY ’07 Projected)
Similar to Budget Line 812, Budget Line 817 has also seen increases in its expenditure history. However, the increases seen in Budget Line 817 have been rising at a much higher rate than Budget Line 812. Budget Line 817 is comprised of 81701 Special Needs Adoptions – Purchase of Services, and 81702 Special Needs Adoptions Maintenance. As Figures 3 and 4 illustrate, both cost codes have seen considerable growth since FY 2000. In fact, Budget Line 817 has increased 209 percent since FY 2000, whereas Budget Line 812 has only increased 104 percent. While 81702 has increased since FY 2000, the rate at which cost code 81701 has grown is far greater. Since FY 2000, 81701 has increased 359 percent, with 81702 only increasing by 86.8 percent.

### Figure 3.

**Special Needs Adoptions Expenditure History**

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Expenditures</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>'00</td>
<td>$11,933,231</td>
<td></td>
</tr>
<tr>
<td>'01</td>
<td>$13,599,563</td>
<td>13.9%</td>
</tr>
<tr>
<td>'02</td>
<td>$18,075,922</td>
<td>32.9%</td>
</tr>
<tr>
<td>'03</td>
<td>$19,791,832</td>
<td>9.5%</td>
</tr>
<tr>
<td>'04</td>
<td>$20,752,500</td>
<td>4.8%</td>
</tr>
<tr>
<td>'05</td>
<td>$21,500,421</td>
<td>3.6%</td>
</tr>
<tr>
<td>'06</td>
<td>$23,596,771</td>
<td>9.7%</td>
</tr>
</tbody>
</table>
The financial documentation shows increases in both the Title IV-E and State adoption assistance programs. However, the highest concentration of this growth has been located in the cost codes associated with General Fund dollars. The workgroup has used this knowledge to examine methods of decreasing reliance upon General Fund dollars. One such method would be the development and implementation of a federally approved “levels of care” or rate system. Such a system would allow VDSS to appropriately draw down a significantly larger portion of Title IV-E dollars.
Attachment 3
MEMBERS OF THE ADOPTION ASSISTANCE WORKGROUP

CONVENED BY THE VIRGINIA DEPARTMENT OF SOCIAL SERVICES

Anthony Conyers, Jr. ....Commissioner, VDSS
Lynette Isbell................VDSS, Director of the Division of Family Services
Marie E. Vesely ..........Norfolk DHS, Program Manager
Sharon Richardson ..........Coordinators 2, Inc, Placement Program Supervisor
Carole Davis .............Chesterfield DSS, Placement Program Director
Brad Bryant .............People Places Inc. Executive Director
Penny Combs.............Virginia Coalition of Private Providers, President
Eileen Martell ..........Frederick DSS, Social Work Supervisor
Shawn LaRue ..............Fauquier DSS, Social Worker II
Donna Douglas ..........Hanover DSS, Director
Karen Rountree..........Virginia Beach DSS, Social Worker
Suzanne Fountain, Ph.D...Chesterfield DSS, Assistant Director
Jane Hotchkiss, ........Children’s Home Society, Post Adoption Services Supervisor
Mary Adamchak........Fairfax DFS, Social Worker
Marilyn Durbin, ........Fairfax DFS, Adoption Supervisor
Claudia Kieffer ..........Arlington DHS, Deputy Director, CFSD
Marcia Clements.........Chesapeake DHS, Social Work Supervisor
Sharon Banks...........Portsmouth DSS, Foster Care/Adoption Supervisor
Gary Cullen ................Local Operations, Program Manager
Jim Wallis ................Pulaski County of Social Services, Director
Susan Clark ..............Galax Department of Social Services, Director
Latisha Kidd ..............Montgomery DSS, Foster Care Supervisor
Carol Wilson ..............Office of Comprehensive Services, Technical Assistance Coordinator
Pamela F. Cooper ......VDSS, Acting Adoption Program Manager
Tracey G. Jackson .......VDSS, Adoption Policy Specialist
Vickie Johnson Scott ....VDSS, Northern Regional Director
Matt Wade ...............VDSS, Senior Policy Analyst, Quality Review
Phyl Parrish ............VDSS, Acting Program Manager Quality Review
Therese Wolf ...........VDSS, Foster Care Program Manager
Wilhelmina Davis ......VDSS, Program Administration Specialist II, Quality Review
Attachment 4
References and Bibliography


Code of Virginia, Section 63.2, Chapter 13 (1300-1304) Adoption Assistance for Children with Special Needs.


Eligibility for adoption subsidy – regulations, 42 U.S.C Chapter 7, subchapter IV, Part E, 673 (a) (5).


USDHHS, Children’s Bureau. (Issuance Date November 6, 2001). Policy Announcement (Log No: ACYF-CB-IM-01-08) Title IV-E Adoption Assistance for Children who are Voluntarily Relinquished to Private, Nonprofit Agencies.


Virginia Department of Social Services. (December 2002). Policy Volume VII, Section III, Chapter C Adoption Agency Placement, Part 8 Subsidy.
