

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**Adoption and Foster Care Analysis
and Reporting System (AFCARS):
Challenges and Limitations**



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MARCH 2003
OEI-07-01-00660

OFFICE OF INSPECTOR GENERAL

<http://www.oig.hhs.gov/>

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EXECUTIVE SUMMARY

OBJECTIVE

To identify the challenges and limitations associated with reporting Adoption and Foster Care Analysis and Reporting System (AFCARS) information.

BACKGROUND

Foster care and adoption information reported to the Administration for Children and Families (ACF) through AFCARS is the only federal national data available regarding the children in foster care and the children adopted under the auspices of a state agency. All states are required to report child-specific information to ACF semiannually through AFCARS. Based on the most recent AFCARS data available, there were an estimated 565,000 children in foster care on September 30, 2001, and 51,000 children adopted during fiscal year 2000.

It is important that information reported through AFCARS is timely and accurate. The AFCARS provides ACF with data necessary to comply with congressionally-mandated reporting requirements, to measure the performance of state child welfare agencies, and to allocate incentive and formula grant funds (i.e., adoption incentive funds and Chaffee Foster Care Independence Program funds, respectively). The ACF, Congress, state child welfare agencies, and national child welfare organizations also use AFCARS data to make national policy and program decisions. Federal requirements placed on states to report AFCARS data have served to enhance national child welfare data collection.

In conducting this inspection, we systematically collected information from foster care and adoption program managers and information systems staff from the 50 states, the District of Columbia, and Puerto Rico. We also held in-depth discussions with child welfare managers and staff, and reviewed state processes and procedures for collecting AFCARS information in five states.

FINDINGS

The ACF has Failed to Meet Mandated Time Frames for Submitting Annual Reports to Congress

The ACF has not met the mandated deadlines for submission of annual reports to Congress. The first annual report, due May 1999, was published in August 2000, 15 months late. The second annual report, due May 2000, was published in January 2002, 19 months late. At the time of our review, the third and fourth annual reports had not been published and were overdue. Published data do not reflect states'

recent efforts to promote permanency or changes in the status of foster care and adoption. Published information is also inconsistent and incomplete.

States Reported That Key AFCARS Data Elements Are Not Clearly and Consistently Defined, Resulting in Inconsistent Reporting

Our analysis of ACF guidance on reporting AFCARS data supports states' beliefs that the lack of clear definitions leads to inconsistent reporting. States believed AFCARS data elements were not clearly and consistently defined and expressed concerns about foster care placement definitions, which potentially affect child welfare performance measures. In addition, differences in states' methods of reporting dates of discharge and juvenile justice populations may further inhibit uniform performance measures.

Technical Assistance Is Effective, but Difficult to Access

The ACF has developed technical assistance to address many of the difficulties associated with AFCARS reporting. Overall, states rated the technical assistance they received highly. However, states reported that attending national sessions is difficult, due to state travel restrictions and limited state budgets.

Mandated Penalties Were an Incentive to Report AFCARS Data, but Were Not Commensurate with Non-Compliance

Even though federally-mandated penalties, designed to ensure reliable and consistent AFCARS reporting, have been withdrawn, states reported that the penalties served as an incentive for accurate reporting. However, only 15 percent of state respondents believed the penalties, as defined, were commensurate with non-compliance.

CONCLUSION and RECOMMENDATIONS

Annual reports to Congress are not published timely. As such, published data do not reflect recent changes in child welfare populations. Also, states are reporting incomplete and inconsistent data. These data are used in developing national standards by which states are evaluated. Technical assistance designed to address the difficulties associated with the collection and reporting of AFCARS information, while highly rated, is difficult to access. Furthermore, the penalties that served as an incentive for accurate reporting have been withdrawn.

As such, we make the following recommendations to ACF to enhance the usefulness of AFCARS data.

- Make up-to-date child welfare statistics reported through AFCARS available to program officials and other decision-makers by publishing annual reports within congressionally-mandated time frames and posting current information on the Internet, issue precise definitions for data elements to prevent states from

interpreting them differently, and issue a definitive policy statement to address inconsistencies in state AFCARS reporting of juvenile justice populations.

- Increase the accessibility of technical assistance resources through the development of regional data conferences, utilization and training of regional office staff to provide increased support to states, posting more current and comprehensive AFCARS information on the ACF website, and exploring ways to expedite discretionary AFCARS reviews.
- Develop incentives to help ensure state compliance with AFCARS regulations by documenting states' past compliance with AFCARS requirements to establish a baseline for reporting, monitor future AFCARS reporting, and develop incentives or new penalties, commensurate with varying levels of compliance.

Agency Comments

The ACF supports our recommendations and indicates that it is assessing internal agency processes for analyzing data and meeting required reporting time frames. The ACF referenced recently issued policy guidance regarding trial home visits and indicated that it will consider issuing clarifying guidance to alleviate inconsistent reporting of foster children included in juvenile justice populations. The ACF also stated that it will support ACF regional meetings focused on data-related issues, provide training to and utilize regional office staff in providing technical support to states, and explore ways to expedite AFCARS assessment reviews. The ACF will monitor and document compliance with AFCARS standards and seek ways to encourage timely and accurate reporting of AFCARS data. The full text of the comments provided by ACF is contained in Appendix C of the report.

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INTRODUCTION

PURPOSE

To identify the challenges and limitations associated with reporting Adoption and Foster Care Analysis and Reporting System (AFCARS) information.

BACKGROUND

State child welfare agencies are responsible for protecting children from abuse and neglect, which sometimes requires that children be removed from their homes and placed in foster care. These children remain in foster care until they can be reunited with their families, placed with a guardian, adopted, or emancipated. Based on the most recent published national data available,¹ there were an estimated 565,000 children in foster care on September 30, 2001, and state child welfare agencies were involved in the adoption of 51,000 children in federal fiscal year (FY) 2000.

Federal regulations require all states to report child-specific foster care and adoption data to ACF through AFCARS. The final rule, published in the *Federal Register* on December 22, 1993, requires states to collect and report specific information (66 data elements) about all children in foster care for whom the state has responsibility for placement, care, or supervision. The regulations also require information (37 data elements) about each child under state jurisdiction who was adopted or for whom the state agency is providing adoption assistance.²

The first state submission of AFCARS data was due to ACF by May 15, 1995, and semiannually thereafter. Regulatory compliance is based on the timely submission of the data files, the timeliness of data entry for the date of removal and the date of discharge (these dates must be entered within 60 days of occurrence), and whether the data meet a 90 percent level of tolerance for missing data and internal consistency checks.³ Federal regulations indicate that states failing to meet these reporting criteria may be subject to financial penalties.⁴

¹ Adoption and Foster Care Analysis Reporting System data for period ending September 30, 2001.

² 45 CFR § 1355.

³ 45 CFR § 1355, Appendix E.

⁴ 45 CFR § 1355.40(e)(1).

The ACF's administrative uses for AFCARS data include developing outcome measures to assess state child welfare agency performance,⁵ determining Chafee Foster Care Independence Program allotments,⁶ determining increases in adoptions for the purpose of awarding adoption incentive payments to states,⁷ creating the data profiles used in the Children and Family Services Reviews,⁸ and selecting sample cases to be included in Title IV-E Foster Care Eligibility Reviews.⁹

In addition, AFCARS is one of the principal information sources used to prepare ACF's child welfare outcomes annual report. This report, required by Section 479A of the Social Security Act, requires the Secretary of the Department of Health and Human Services (HHS) to submit a report to Congress "on the *performance of each State on each outcome measure*, which shall examine the reasons for high and low performance and, where possible, make recommendations as to how State performance could be improved." [emphasis added] The first annual report, for FY 1998, was due May 1, 1999. Federal law requires that subsequent reports be submitted to Congress annually thereafter. Information regarding the history of foster care and data collection efforts preceding AFCARS is provided in Appendix A.

METHODOLOGY

We used two mechanisms to conduct this inspection. We systematically collected data from foster care and adoption program managers and information systems staff in the 50 states, the District of Columbia, and Puerto Rico. Using a comprehensive mail survey, we collected information on the challenges and limitations associated with gathering and reporting AFCARS data and using the data to effectively administer child welfare programs and services. We achieved a 100 percent response rate.

We judgementally selected a sample of five states (Arkansas, California, Illinois, New York, and Ohio) for additional data collection. We worked with ACF to select these states based on the following criteria:

- Ability to comply with AFCARS regulations - For the reporting period ending March 31, 2001, three states were in substantial compliance with both adoption and foster care standards, one state was in substantial compliance with adoption standards only, and one state was out of substantial compliance with both adoption and foster care reporting requirements.

⁵ 45 CFR § 1355.34(b).

⁶ Section 477 of the Social Security Act.

⁷ Section 473A of the Social Security Act.

⁸ 45 CFR § 1355.33(b)(2).

⁹ 45 CFR § 1356.71(c)(1).

- Level of Statewide Automated Child Welfare Information System (SACWIS)¹⁰ development - ACF classified the SACWIS in two states as operational, partially operational in one state, in the implementation phase in one state, and in the planning phase in the remaining state. An overview of SACWIS is provided in Appendix B.
- Child welfare population - The combined child welfare populations in the 5 states represented 50 percent of children in foster care nationwide. The average monthly number of children in foster care in each of the 5 states ranged from 1,624 to 78,222 during fiscal year 1999.
- Program administration - The child welfare programs were state-administered in three states and county-administered in the other two.

In the five states, we collected more in-depth information about state experiences reporting AFCARS information and the impact it had on their programs. We examined reports produced at the state and local levels for program management and compliance purposes, observed caseworkers and data entry staff enter data as they explained the features and limitations of their respective systems, and viewed electronic and paper versions of case files. The review of these reports and our observations allowed us to experience the data collection process from point of entry to submission. We also interviewed state child welfare supervisors, caseworkers, and data entry workers in a local child welfare office in each of the five states, and analyzed national AFCARS policy guidance provided by ACF.

We conducted this inspection in accordance with the *Quality Standards for Inspections* issued by the President's Council on Integrity and Efficiency.

¹⁰ 45 CFR § 1355.53(b)(1).

FINDINGS

Our findings are based on a review of national policy guidance, surveys from all states, and observations and discussions during site visits to five states. The AFCARS data are the only federal national data available regarding children in foster care and children adopted under the auspices of a state agency. These data are used to measure state child welfare agency performance and to inform child welfare policy decision-makers. Therefore, it is critical that reported data are accurate and published in a timely manner. However, AFCARS data are not being published timely, and published data are incomplete and inconsistent. In addition, states experienced difficulties accessing technical assistance and were concerned about penalties associated with AFCARS reporting.

The ACF Has Failed to Meet Mandated Time Frames for Submitting Annual Reports to Congress

The ACF has not met the deadlines for submission of annual reports to Congress, as mandated in section 479A of the Social Security Act. This section requires the Secretary of HHS to submit an annual report to Congress on each state's child welfare population. The first of these annual reports, due May 1999, covering FY 1998, was published in August 2000, 15 months late.¹¹ The 1999 annual report, due May 2000, was published in January 2002, 19 months late.¹² As of August 2002, ACF had not issued the reports for FY 2000 and FY 2001. The reports were due May 2001 and 2002, respectively. At the time of our review, the most recent state-specific information available on-line was an electronic copy of the FY 1999 annual report.

The 2-year-old Published Data Do Not Reflect Some States' Recent Efforts to Promote Permanency or Changes in the Status of Foster Care and Adoption

The latest state-specific data published by ACF may not reflect current trends. We compared data reported in ACF's published annual reports with more recent data for three of the five states we visited. These states comprised 36 percent of the children in out-of-home placements and 30 percent of the adoptions nationwide in FY 1999. The ACF's annual reports indicate the number of children in out-of-home placements increased 3.75 percent from FY 1998 to FY 1999, from 560,000 to 581,000. These reports represent the latest published federal data available. Yet, our examination of more recent data for three of the five states included in this study - unpublished state data obtained from ACF - shows that some states' efforts, focused on permanency, are having a dramatic effect on the number of children in out-of-home placements in these states.

¹¹ *Child Welfare Outcomes 1998: Annual Report.*

¹² *Safety, Permanency, Well-being: Child Welfare Outcomes 1999: Annual Report.*

- **Illinois:** The ACF annual report, reflecting FY 1999 data, indicates 40,270 children were in foster care in Illinois on September 30, 1999. State data for FY 2000 indicate that, one year later, the number had decreased to 33,125. Data for FY 2001 show a continuing decline to 29,278 in the foster care population on September 30, 2001, a 27 percent decrease over 2 years. The number of adoptions in Illinois also decreased by 44 percent during this time period, dropping from 7,028 in FY 1999 to 4,234 in FY 2000, then decreasing again to 3,934 in FY 2001.
- **New York:** The ACF annual report, reflecting FY 1999 data, indicates 52,762 children in New York were in foster care on September 30, 1999. State data for FY 2000 indicate that one year later that number had decreased to 47,208. Data for FY 2001 show a continuing decline to 43,365 in the foster care population on September 30, 2001, an 18 percent decrease over 2 years.
- **California:** The ACF annual report, reflecting FY 1999 data, indicates 117,937 children were in foster care in California on September 30, 1999. State data for FY 2000 indicate that one year later that number had decreased to 112,807. Data for FY 2001 show a continuing decline to 107,168 in the foster care population on September 30, 2001, a 9 percent decrease over 2 years.

While these changes represent the experiences of only 3 states, these states represent a substantial percentage (36 percent) of children in out-of-home placements nationally.

The change in the number of out-of-home placements could be even more significant if other states are experiencing similar reductions. Conversely, if the number of children in out-of-home placements nationally remains stable, other states may be experiencing substantial increases in children entering foster care. However, because ACF has not issued the 2000 and 2001 annual reports, it is not possible for program managers and other decision-makers to make this determination.

Published Reports Contain Incomplete Data

In the annual report due May 1999, representing FY 1998, no data were reported for 10 states and selected data were missing for 8 additional states. In the annual report due May 2000, representing FY 1999, no data were reported for 2 states and 10 states had data missing from their profiles. These gaps occurred despite the amount of time allowed by ACF for states to report corrected AFCARS data.

State AFCARS data submissions are due to ACF by May 15 and November 14 of each year, 45 days after the end of each 6-month reporting period. The data submitted must be extracted from state data systems on the last day of the reporting period and should reflect child-specific data. States are allowed to resubmit corrected AFCARS data anytime thereafter, and ACF reports spending a considerable amount of time “cleaning” the data. Once ACF begins preparing the annual report to Congress, it notifies each state of the most current reported information that it has on file. States are then officially afforded

45 days to rectify incorrect or incomplete data prior to publication, a time frame that ACF reported has historically stretched beyond 45 days.

For the reporting period ending March 31, 1998, all states submitted AFCARS data to ACF, but 25 were out of substantial compliance with AFCARS standards. For the reporting period ending March 31, 2001, 13 states remained out of substantial compliance.

States Reported a Variety of Factors Impact Their Ability to Capture and Report AFCARS Data

Caseworker Priorities Affect Data Collection and Systems Entry

Caseworkers are responsible for the collection and often the systems entry of AFCARS data. Most of the required AFCARS data are collected routinely as part of ongoing foster care and adoption case management. However, states reported that the collection and data entry of some AFCARS information were often a low priority for caseworkers. Large caseloads force caseworkers to focus on the immediate needs of children, such as removing children from harmful environments, locating appropriate care and needed services, attending court hearings, or working to meet the needs of foster and adoptive families; the need to focus on providing services limits the amount of time caseworkers spend on data gathering and data systems entry.

While we did not attempt to identify or quantify AFCARS reporting errors specifically attributable to caseworkers, 80 percent (41) of the program managers surveyed indicated that caseworker workloads, turnover, and lack of training had an effect on the collection of AFCARS data, and 73 percent (38) reported that caseworkers entered data in an untimely manner. In addition, 61 percent (32) of the program managers surveyed indicated that the lack of complete information from local child welfare offices affected the reporting of AFCARS data in their states.

System Limitations Affect Reporting

For states to meet AFCARS requirements, they must be able to convert data in their systems into the format that ACF requires. However, in addition to the challenges that states face in capturing and entering data, they have also experienced difficulty matching their own state data to the data element formats required by AFCARS. Many of the reporting problems are a result of the transferring or “mapping” data from the state’s system to ACF’s required format. For example, the AFCARS data element “Foster Family Structure” requires one state to transfer information captured in the state system as “Aunt and Uncle” to “Married Couple.” If information is “mis-mapped,” erroneous data can result.

States that continue to capture foster care and adoption data using computer systems created prior to the advent of AFCARS are at an added disadvantage because these systems are often difficult or impossible to reprogram to conform to current data

collection standards. In some instances, these antiquated systems lack the capacity to collect key pieces of information, such as previous adoption and caretaker background information.

In an effort to assist states with systems issues, ACF voluntarily initiated AFCARS data systems reviews in 1996. The ACF is conducting these reviews in addition to federally-mandated reviews (e.g., Children and Family Services Reviews, IV-E Foster Care Eligibility Reviews) as resources become available. The ACF conducted 3 AFCARS data systems reviews in 2001, and had performed 11 at the time of this study. Respondents in states where these reviews have been conducted indicated that they found the reviews beneficial. A “State Guide to an AFCARS Assessment Review” was posted on the ACF website in April 2002.

States Reported That Key AFCARS Data Elements Are Not Clearly and Consistently Defined, Resulting in Inconsistent Reporting

Although ACF provides definitions of all AFCARS data elements, 60 percent (31) of the state respondents believed AFCARS data elements are not clearly and consistently defined. Most commonly, states noted problems with placement and date-of-discharge definitions. In addition, 71 percent (37) of states reported that unique state child welfare program characteristics result in the reporting of AFCARS data that are inconsistent among states. However, ACF aggregates data from all states in its annual report to Congress. Furthermore, AFCARS is one of the data sources used to create national standards against which ACF evaluates individual state performance.

States Expressed Concerns About Placement Definitions, Potentially Affecting Performance Measures

Twenty-one of the 31 respondents who believed definitions are not clearly defined indicated that placement definitions were problematic, making it the most commonly cited source of confusion. The performance measure specifically related to placements tracks the number of children who are placed in two or fewer placement settings. At the time of our review, ACF policy guidance regarding foster care placements stated “placement occurs after removal and is the physical setting in which a child finds himself or herself, that is, the resultant foster care setting. A new placement setting results when the foster care setting changes, for example, when a child moves from one foster family home to another or to a group home or institution.”¹³

¹³ Child Welfare Policy Manual, Section 1 AFCARS.

Identical placements, like the example shown in the text box to the right, were reported differently by states. For example, some states would report the number of placement settings in the example as three. Other states would report this as one foster home placement and one trial home visit, or two placement settings overall because the child was returned to the same foster home. Other states would report only one placement setting because they do not count trial home visits as placements.

**Example of Common Placements
During a Child’s Stay in Foster Care**

Child is removed from their home and

- placed in a foster home,
- returned home for a trial home visit, and
- returned to the same foster home.

Although 45 CFR §1355, Appendix A indicates that trial home visits should not be counted as a placement, at the time of our review, guidance provided in ACF’s Child Welfare Policy Manual did not specifically exclude any of the three interpretations mentioned above, nor did it support any one of the three interpretations over the others. Any variation in interpretation makes evaluating states against a single national standard – percentage of children served with no more than two placements – problematic.

Dates of Discharge may Impact Performance Measures Related to Time-in-Care

The performance measure specifically related to time-in-care tracks the number of children who have been reunited with their parents or caretakers in less than 12 months. At the time of our review, the ACF policy guidance for date of discharge stated that the date should be recorded as “The month, day and year the child was discharged from foster care.” States defined end of placement differently. State definitions included when the child returns home for a trial home visit, a few days after a trial home visit begins, or when the state’s legal responsibility ends - which could be weeks after the child is returned home.

Similar to placement definitions above, any of the state interpretations fell within the guidance ACF provided. According to one respondent, summarizing the concerns of many, the definition associated with the date of discharge “is so critical to the Child and Family Service Reviews’ national standard measures, *and* so far from common understanding and use, that it dominates all of the useful data that might otherwise be provided.”

States’ Reporting of Juvenile Justice Populations Potentially Affects Placement Performance Measures

Forty-two percent (22) of the survey respondents included some or all of their juvenile justice populations in child welfare data reported through AFCARS. Policies regarding the movement of juvenile justice children to increasingly less restrictive placements

(e.g., moving a child from a detention facility to a mental health treatment facility and then to a foster home) may result in an inflated number of placements for some states. Because these “additional” placements are often attempts to return a child to their own home or improve the child’s well-being, they are not necessarily an indication of poor child welfare practice.

The ACF guidance regarding the inclusion of children in juvenile justice facilities was not definitive and contains subjective criteria for determining whether or not these children should be included in AFCARS reported data.¹⁴ For example, ACF guidance instructs states to include in reported AFCARS data “children in a foster care setting who are moved to a juvenile justice facility and who are expected to be returned to a foster care setting.” As a result, state-reported data for this population is inconsistent and may skew states’ performance related to the number of foster care placements for these children. The ambiguity of ACF guidance regarding the inclusion of children in juvenile justice facilities in reported AFCARS data may result in an inflated number of foster care placements for some states, and the inability to reliably compare states against national placement standards.

Technical Assistance Is Effective, but Difficult to Access

The ACF has developed technical assistance to address many of the difficulties associated with AFCARS reporting. These efforts include, but are not limited to

- national data conferences where presentations and materials are offered to assist states with AFCARS reporting,
- AFCARS reviews in which ACF staff visit a state to perform an extensive review of its data system to identify problems associated with AFCARS data collection and reporting, and to verify the accuracy of data in the system,
- Children’s Bureau headquarters staff providing extensive telephone and electronic mail support to states,
- Children’s Bureau headquarters staff providing on-site and telephone support to states through the National Resource Center on Information Technology in Child Welfare, and
- technical bulletins¹⁵ and program policy¹⁶ related to AFCARS available on the Internet.

¹⁴ Child Welfare Policy Manual, Section 1 AFCARS.

¹⁵ <http://www.acf.dhhs.gov/programs/cb/dis/afcars/tbs.html>

¹⁶ Child Welfare Policy Manual, <http://www.acf.hhs.gov/programs/cb/laws/cwpm/index.jsp>.

The number of states out of compliance with AFCARS reporting decreased from 25 in 1998 to 13 in 2001, and states reported that technical assistance proved valuable in facilitating states' reporting of AFCARS data. States rated this assistance highly. However, states also report that some assistance is difficult to access. State program managers indicated travel restrictions and budget constraints often prevented them from attending conferences and meetings where technical assistance was offered. For example, only half of the states attended the User's Group meetings in May and November of 2001. For each meeting, half of those that did not attend noted they were unable to attend due to budget constraints or state travel restrictions.

Respondents also noted that, although ACF headquarters staff were very helpful, they were sometimes difficult to reach. They indicated that ACF staff were especially difficult to reach immediately prior to AFCARS reporting period deadlines when many states are simultaneously requesting assistance from a limited number of ACF headquarters staff. Respondents also revealed that it was difficult or impossible to access updated and current AFCARS information. They believed more current policy and regulatory information available on the Internet would serve as an important reference source for state foster care, adoption, and systems staff. Specific suggestions for improvement offered by states included adding more detailed and user-friendly descriptions of foster care and adoption data elements to the ACF AFCARS website, notifying relevant state staff when new technical bulletins are posted on the Internet and when policy changes occur, and posting more helpful "frequently asked questions" to the website than those currently available.

Mandated Penalties Were an Incentive to Report AFCARS Data, but Were Not Commensurate with Non-compliance

Section 479 of the Social Security Act states that ACF shall "utilize appropriate requirements and incentives to ensure that the [child welfare reporting] system functions reliably throughout the United States." The Department issued regulations stating that "penalties shall be invoked" for "failure by a state to meet any of the [AFCARS] standards described" and that such failure is "considered a substantial failure to meet the requirements of the Title IV-E [Foster Care Program]."¹⁷ However, the Department rendered a decision to withdraw the penalties associated with failure to comply with AFCARS reporting requirements on January 27, 2002. Therefore, no penalty for failure to comply with AFCARS reporting requirements currently exists.¹⁸ It is too early to tell whether removal of penalties will impact the timeliness and completeness of state data submissions, or whether states will choose to report at all.

When asked if they believed the penalties served as an incentive for accurate AFCARS reporting, 85 percent (44) of the respondents said "yes." However, only 15 percent (8) of

¹⁷ 45 CFR § 1355.40(e).

¹⁸ ACYF-CB-IM-02-03, dated April 8, 2002.

the respondents believed the penalties, as defined, were commensurate with non-compliance. Respondents were troubled by the “all-or-nothing” nature of penalties and argued that there was no incentive to improve reporting when the penalty for failure to report on a single required data element was the same as that for failure to report at all. They noted that a state reporting no AFCARS data would receive the same penalty as a state that made a concerted effort to improve data quality, but failed to meet just one AFCARS compliance standard.

CONCLUSION AND RECOMMENDATIONS

Annual reports are not issued timely and data reported are incomplete and inconsistent. The delayed publication of existing AFCARS data does not reflect recent changes in child welfare populations, and inconsistencies raise questions about its usefulness in developing national standards or measuring states against those standards. Technical assistance designed to address the difficulties associated with the collection and reporting of AFCARS information, while highly rated, is difficult to access. Furthermore, the penalties states reported were an incentive for accurate reporting have been withdrawn.

While states are responsible for the collection of information reported through AFCARS, the ACF is responsible for administering the Title IV-E Foster Care Program, overseeing state AFCARS reporting, and publishing reported AFCARS data. As such, we make the following recommendations to ACF to enhance the usefulness of AFCARS data for program management purposes, and to make national child welfare outcome measures more reliable.

ACF Should Work to Make AFCARS Data More Useful

To alleviate problems associated with timeliness, comparability, and other factors which limit AFCARS data usefulness, we recommend that the ACF

- make up-to-date child welfare statistics in AFCARS available to program officials and other decision-makers by publishing annual reports within congressionally-mandated time frames and posting current information on the Internet,
- issue more precise definitions for data elements currently interpreted differently by states (i.e., data definitions regarding placements and dates of discharge from foster care), and
- issue a definitive policy statement to address the inconsistencies in state AFCARS reporting of juvenile justice populations.

ACF Should Increase the Accessibility of Technical Assistance Resources

Because technical assistance has helped to improve the quality of AFCARS data, but has been difficult to access, the ACF should strive to increase access to and the impact of available assistance by

- developing regional data conferences to provide the information currently presented only at national conferences to state staff and ACF regional office staff unable to attend conferences held outside their respective states or regions,
- utilizing and training regional office staff to provide increased support to states, especially immediately prior to reporting deadlines,
- posting more current and comprehensive AFCARS information on the ACF website, and
- exploring ways to expedite discretionary AFCARS reviews (e.g., perhaps combine AFCARS data system reviews with other federally-mandated reviews) to help states resolve difficulties associated with data reporting.

ACF Should Develop Incentives to Help Ensure State Compliance With AFCARS Regulations

Considering the importance of accurate foster care and adoption information, ACF needs to have methods to help ensure that states are motivated to accurately and consistently report AFCARS information. The ACF should

- document past compliance with AFCARS requirements for all states to establish a baseline,
- monitor future AFCARS reporting, and
- develop incentives or new penalties, commensurate with varying levels of compliance, to encourage accurate and timely reporting of AFCARS data.

Agency Comments

The ACF supports our recommendations and indicates that it is assessing internal agency processes for analyzing data and meeting required reporting time frames. The ACF referenced recently issued policy guidance regarding trial home visits and indicated that it will consider issuing clarifying guidance to alleviate inconsistent reporting of foster children included in juvenile justice populations. The ACF also stated that it will support ACF regional meetings focused on data-related issues, provide training to and utilize regional office staff in providing technical support to states, and explore ways to expedite AFCARS assessment reviews. The ACF will monitor and document compliance with AFCARS standards and seek ways to encourage timely and accurate reporting of AFCARS data. The full text of the comments provided by ACF are contained in Appendix C of the report.

History of Foster Care and Early Data Collection Efforts

Federal foster care funds were first made available in 1961 to provide maintenance payments for children removed from Aid to Families with Dependent Children (AFDC) eligible families, in accordance with federal requirements. The federal role in foster care and adoption assistance was expanded with implementation of the Adoption Assistance and Child Welfare Act of 1980 (Public Law 96-272). This Act amended child welfare service laws to institute financial incentives for states to provide certain protections for children in foster care under Section 427 of the Social Security Act (Title IV-B) and established the IV-E Foster Care Program. The AFDC foster care component was transferred to the new Title IV-E foster care program in October 1982. In addition to maintenance payments to foster care providers, states can use federal funds for permanent adoption placements and transitional independent living expenses for foster children.

Through the 1970s and 1980s, the Children's Bureau within the Administration for Children and Families (ACF) and its predecessor agency collected data on foster care and adoption from states on an annual and voluntary basis. However, in the absence of federal reporting requirements, the reliability and consistency of the data were questionable and of concern to those tasked with policy development and administration of the IV-E foster care program.

The Adoption Assistance and Child Welfare Act of 1980 amended the Social Security Act to require federal foster care and adoption reporting. Section 476 of the Social Security Act states that "Each state shall submit statistical reports as the Secretary may require with respect to children for whom payments are made including information about the legal status, demographic characteristics, location, and length of stay of any child in foster care." This reporting requirement applies to all children in foster care under the responsibility of the State Title IV-E foster care agency.

The Voluntary Cooperative Information System (VCIS)

In response to the 1980 legislation, the Department of Health and Human Services (HHS) contracted with the American Public Welfare Association (n.k.a. the American Public Health Services Association (APHSA)) to implement the Voluntary Cooperative Information System (VCIS). Through this system, APHSA collected annual aggregate information from state child welfare agencies about the children in foster care and children awaiting adoption. However, state definitions for data reporting elements, definitions of various child welfare services, and methodologies used to collect information differed among the reporting states. The data reported through VCIS was of limited assistance in developing child welfare policies and program planning.

Congress amended Title IV-E of the Social Security Act, based on the need for more consistent and useful adoption and foster care information. Amendments to Section 479 of the Act established an advisory committee to develop an adoption and foster care data collection system. This legislation reflected congressional interest in establishing a system for the collection of adoption and foster care data. The advisory committee was charged with

- identifying the types of information necessary to assess the characteristics of children in foster care, the nationwide status of adoption and foster care, and the validity of data collection methods for reporting adoption and foster care information,
- developing appropriate national adoption and foster care policies, and
- evaluating the financial and administrative impact of various data collection methods.

In its 1987 report to the Secretary of HHS, the advisory committee indicated that sufficient adoption and foster care data were not available and that all states were not providing information via the VCIS. They also reported those states submitting VCIS data were using different reporting periods, data definitions, and methodologies. As such, the advisory committee recommended that the VCIS be phased out and a new mandatory data collection system be created. The advisory committee also recommended that states report required adoption and foster care information to HHS on a quarterly basis and that the new data collection system capture

- adoption data on all legalized adoptions,
- foster care information about all children under the care and responsibility of the state child welfare systems irrespective of who is funding the care, and
- demographic information on all foster care children, including sex, birth date, race, ethnicity, previous stays in foster care, service goals, availability for adoption, duration of care, funding sources, and outcomes.

Adoption and Foster Care Analysis and Reporting System (AFCARS)

In response to the advisory committee's report, on January 21, 1994, the HHS published a final rule in the *Federal Register* implementing the AFCARS. These regulations required states to collect and report specific information about all children in foster care for whom the state has responsibility for placement, care, or supervision. Information about each child under state jurisdiction, who had been adopted under the auspices of a state agency, is also required. The first AFCARS data were to be submitted to ACF by May 15, 1995, and semi-annually thereafter.

Statewide Automated Child Welfare Information Systems

In recognition of the critical need for effective statewide automated capability to support Title IV-E and Title IV-B programs in a comprehensive fashion, section 13713 of Public Law 103-66 amended the funding provisions under section 474 of the Social Security Act to provide matching federal financial participation (FFP) funding to assist states in the planning, design, development, and installation of Statewide Automated Child Welfare Information Systems (SACWIS).

States were to design these systems as comprehensive case management systems that would also collect the required adoption and foster care information for AFCARS reporting. States were authorized 75 percent FFP for SACWIS activities for fiscal years 1994 through 1996. Congress extended the enhanced funding through 1997, and the federal percentage was reduced to 50 percent thereafter. In addition, states are eligible for 50 percent FFP for the operation of the SACWIS systems.

As of November 15, 2002, 4 states had completed all aspects of their SACWIS, 24 states were operational (including the District of Columbia), 10 were partially operational, 3 were in the process of implementing their systems, and 6 states remained in the planning phase. Four states chose not to apply for SACWIS funds.



DEPARTMENT OF HEALTH & HUMAN SERVICES

ADMINISTRATION FOR CHILDREN AND FAMILIES
Office of the Assistant Secretary, Suite 600
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Washington, D.C. 20447

DEC 18 2002

TO: Janet Refunquist
Inspector General

FROM: Assistant Secretary
for Children and Families

SUBJECT: Comments on the OIG Draft Report "Adoption and Foster Care Analysis and Reporting System (AFCARS): Challenges and Limitations," OEI-07-01-00660

Attached are the Administration for Children and Families' comments on the above-referenced OIG Draft Report, "Adoption and Foster Care Analysis and Reporting System (AFCARS): Challenges and Limitations," OEI-07-01-00660.

If you have any questions regarding our comments, please contact Susan Orr on (202) 205-8618.

A handwritten signature in black ink, appearing to read "Wade F. Horn".

Wade F. Horn, Ph.D.

Attachment

**COMMENTS OF THE ADMINISTRATION FOR CHILDREN AND FAMILIES ON
OFFICE OF INSPECTOR GENERAL'S DRAFT REPORT, "ADOPTION AND FOSTER
CARE ANALYSIS AND REPORTING SYSTEM (AFCARS): CHALLENGES AND
LIMITATIONS," (OEI-07-01-00660)**

The Administration for Children and Families (ACF) appreciates the opportunity to review and comment on the above-captioned report. This Office of Inspector General's (OIG) report will be of help to ACF as we continue our efforts to work with States to improve the quality of the Adoption and Foster Care Analysis and Reporting System (AFCARS) data.

ACF RESPONSE TO OIG RECOMMENDATIONS

OIG Recommendation:

ACF Should Work to Make AFCARS Data More Useful

To alleviate problems associated with timeliness, comparability, and other factors which limit AFCARS data usefulness, we recommend that the ACF:

- make up-to-date child welfare statistics in AFCARS available to program officials and other decision-makers by publishing annual reports within Congressionally-mandated time frames and posting current information on the Internet, issue precise definitions for data elements to prevent States from interpreting them differently, and issue a definitive policy statement to address inconsistencies in State AFCARS reporting of juvenile justice populations,
- issue more precise definitions for data elements currently interpreted differently by States (i.e., data definitions regarding placements and dates of discharge from foster care), and
- issue a definitive policy statement to address the inconsistencies in State AFCARS reporting of juvenile justice populations.

Agency Comment:

ACF supports the recommendation that we provide Congress the Annual Report (formally called the Child Welfare Outcomes Reports, and commonly referred to as "Outcomes Reports") within Congressionally-mandated time frames. States are required to submit data to ACF twice a year, for the report periods of October through March, and April through September. ACF recognizes that the six-month AFCARS reporting process was not originally intended to produce annual data. In order to create an annual unduplicated dataset from the AFCARS submissions, both six-month periods for a Federal fiscal year (FFY) and the first report period of the subsequent FFY are needed to obtain complete removal episode and placement information.

Since the Outcome Report is due to Congress before ACF receives all of the needed data, ACF will consider submitting a legislative proposal to Congress to change the date that the report is due. In addition, the Children's Bureau is modifying the National Child Abuse and Neglect Data

System (NCANDS) reporting cycle. The NCANDS data are also used to create the Outcomes Report. The NCANDS is a voluntary reporting system. The data are submitted annually for a calendar year and are submitted six months after the end of the calendar year. The Children's Bureau will be changing the NCANDS data reporting to a FFY cycle. States have indicated that they will need a year to prepare for this changeover, so this change will be implemented during 2003. This should improve the timeliness of the Outcomes Report preparation.

The Children's Bureau will assess its internal process for analyzing the data, which includes sending it to the States for comment, in order to submit the Outcomes Report more timely.

The recommendation that ACF issue more precise definitions was addressed through recent clarification of policy guidance in the Child Welfare Policy Manual (CWPM) on July 5, 2002. This clarification dealt with what should be included in the calculation of the number of placements and whether a child on a "trial home visit" or on "runaway" status should be included in the count of placements. The Children's Bureau will consider the recommendation to issue clarifying guidance to the effect that all children under the placement and care of the State agency, directly or through an inter-agency agreement, must be reported to AFCARS to address inconsistent reporting of juvenile justice children.

OIG Recommendation:

ACF Should Increase the Accessibility of Technical Assistance Resources

Because technical assistance has helped improve the quality of AFCARS data, but has been difficult to access, the ACF should strive to increase access to and the impact of available assistance by:

- developing regional data conferences to provide the information currently presented only at national conferences to State staff and ACF regional office staff unable to attend conferences held outside their respective States or regions,
- utilizing and training regional office staff to provide increased support to States, especially immediately prior to reporting deadlines,
- posting more current and comprehensive AFCARS information on the ACF web page, and
- exploring ways to expedite discretionary AFCARS reviews (e.g., perhaps combine AFCARS data system reviews with other Federally-mandated reviews) to help States resolve difficulties associated with data reporting.

Agency Comment:

The recommendation that ACF increase the accessibility of technical assistance resources supports the activities of the Children's Bureau to collaborate with the National Resource Centers (NRCs), specifically the National Resource Center for Information Technology in Child Welfare (NRC-ITCW). The Children's Bureau increased funding to the NRCs for FY 2003. The NRC-

ITCW provides substantial technical assistance to States in data-related matters (programming, input, interpretation, analysis, and reporting) for AFCARS and NCANDS data. The increased funding will improve their ability to provide this assistance.

ACF will continue to support ACF Regional meetings. Additionally, we will advise the NRC-ITCW to hold more regional meetings on data related issues. We are, however, concerned that States will not be able to attend these meetings due to travel restrictions. We are hopeful that, similar to the 5th National Data Conference, we will have good attendance at the 2003 conference. For the 5th National Data Conference, held in April 2002, we had representation from 46 States, the District of Columbia, 10 court jurisdictions, and three Tribes. Attendance exceeded, by four, the number of States that were represented at the 4th National Data Conference. In fact, twice as many States attended the 2002 conference than was indicated in the OIG survey.

Additionally, we will continue to make documents from the data conferences available to those that cannot attend. We will have the NRC-ITCW post those documents received from presenters in electronic format on the NRC-ITCW web page.

ACF recognizes the assistance that the Regional Office staff can provide States on AFCARS related issues. ACF will continue its training activities for the Regional Offices and explore additional measures to train and utilize the staff. ACF will have the Regional Office staff encourage States not to wait until the last few days of a transmission period to submit the AFCARS data. This should improve access to ACF personnel. However, it should be noted that the Regional Office staff cannot provide assistance to States on transmission matters that may occur at reporting deadlines. When these problems occur, they are generally of a technical nature and the staff of the Office of Information Systems (OIS) in Central Office must address these issues. While OIS staff makes it a point to be available during the transmission period, they understandably cannot manage an excessive number of last minute calls for assistance.

The Children's Bureau will review all available AFCARS documentation to ensure that it is posted on its web page. In order to ensure that appropriate State staff are notified of new issuances, the Children's Bureau will utilize all avenues available to disseminate the information. The Children's Bureau Express may be a means to disseminate information on new policy guidance. Recently, the NRC-ITCW added a feature to its web page that allows anyone to sign up for new postings. The NRC-ITCW always includes notices of any new information issued by the Children's Bureau. This should prove to be an efficient means of notifying State staff of new issuances.

The Children's Bureau will continue to explore ways to expedite its AFCARS assessment reviews to the extent practicable and as resources allow.

OIG Recommendation:

ACF Should Develop Incentives to Help Ensure State Compliance With AFCARS Regulations

Considering the importance of accurate foster care and adoption information, ACF needs to have methods to help ensure that States are motivated to accurately and consistently report AFCARS information. The ACF should:

- document past compliance with AFCARS requirements for all States to establish a baseline,
- monitor future AFCARS reporting, and
- develop incentives or new penalties, commensurate with varying levels of compliance, to encourage accurate and timely reporting of AFCARS data.

Agency Comment:

The ACF supports the recommendation to document past compliance with the AFCARS standards and to continue monitoring current and future compliance. It has consistently done so since the implementation of AFCARS, and has continued to do so since the withdrawal of the penalties.

ACF will continue to seek ways to encourage accurate and timely reporting of AFCARS data by the States, including incentives and penalties, as the situation warrants.

ACKNOWLEDGMENTS

This report was prepared under the direction of Brian T. Pattison, Regional Inspector General for Evaluation and Inspections and Gina Maree, Assistant Regional Inspector General for Evaluation and Inspections in Kansas City. Other principal Office of Evaluation and Inspections staff who contributed include:

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