

ACF Administration for Children and Families	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES	
	ACF ACTION TRANSMITTAL	
	1. Transmittal #: ACF-OSS-05	2. Issuance Date: 08/21/1998
	3. Originating Offices: Office of State Systems & Administration for Children, Youth and Families, Children's Bureau	
4. Key Words: Statewide Automated Child Welfare Information System (SACWIS)		

TO: State Agencies Administering or Supervising the Administration of titles IV-B and IV-E of the Social Security Act, and Other Interested Parties

SUBJECT: SACWIS POLICY GUIDANCE - Interfaces; Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) Implications; Cost Allocation & Other Issues

RELATED LEGAL REFERENCES:

- Public Law 104-193: The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA);
- Public Law 105-33 - The Balanced Budget Act of 1997;
- Public Law 105-89 - The Adoption and Safe Families Act of 1997 (ASFA);
- Sections 474(a)(3)(C-D) and 474(c) of Title IV-E of the Social Act;
- 45 CFR 1355;
- 45 CFR 1356;
- 45 CFR 95, Subpart F;
- 45 CFR 95, Subpart G;
- 45 CFR Parts 300 to 307; and
- ACF Action Transmittal # ACF-OISM-001 Issued 2-24-95.

PURPOSE: This Action Transmittal (AT) amends and supplements existing policy on the implementation and operation of the Statewide Automated Child Welfare Information System (SACWIS) as a result of the enactment of PRWORA and ASFA. It also supersedes sections of AT #ACF-OISM-001.

CONTENT: The AT contains three sections:

Section I - Interfaces - Page 3 - This section provides additional guidance related to the four required SACWIS interfaces.

Section II - Title IV-E Eligibility - SACWIS Automation Requirements - Page 7 - This section examines the significant implications that the enactment of PRWORA has had on title IV-E eligibility, and consequently SACWIS.

Section III - SACWIS Policy Clarifications -- Page 12 - This section provides guidance to States on cost allocation and other issues and questions that have been answered or clarified since SACWIS AT #ACF-OISM-001 was issued.

SUPERSEDED MATERIAL:

This AT supersedes the portions of SACWIS AT #ACF-OISM-001 issued 2-24-95 that address title IV-A interface and eligibility requirements (pages 20 & 21). This AT also supplements the guidance and policies found in the aforementioned SACWIS AT.

EFFECTIVE DATE: 8-20-1998

INQUIRIES: ACF Regional Administrators

/s/

Mark E. Ragan
Director
Office of State Systems

/s/

James A. Harrell
Deputy Commissioner
Administration on Children, Youth and
Families

Section I - Interfaces

A. Background

The regulations at 45 CFR 1355.50 through 1355.57 provide the basis for States to request Federal financial participation (FFP) for the planning, design, development and installation of a SACWIS which is capable of interfacing with and retrieving information from other automated information systems used to administer certain Federally funded programs (e.g., titles IV-A, IV-D, XIX). This section of the Action Transmittal (AT) provides guidance on the exchange of information between a SACWIS and the State systems used to support the programs administered under titles IV-A (TANF), IV-D (Child Support Enforcement), XIX (Medicaid) and the State Child Abuse and Neglect Data System. To the extent practicable, there must be an electronic interface with these systems in order to receive, transmit, and verify case and client information in an automated manner (see Section I.F. for a discussion about electronic interfaces). As of the issuance date of this AT, all forty-seven States (including the District of Columbia) that have initiated a SACWIS project, have indicated that their SACWIS will meet the mandatory interface requirements.

The SACWIS interface requirements do not specify data elements that must be exchanged between the various systems. ACF will assess the State's SACWIS compliance with the interface requirements by examining how the required interfaces enable the State to achieve the expected results. These expectations were previously described in the preamble to the SACWIS regulations, SACWIS AT #ACF-OISM-001 and the SACWIS Assessment Review Guide. Based on the findings from some of our initial Assessment Reviews of operational SACWIS systems, we determined that additional guidance would be helpful to the States still developing their systems. The expected results for each of the mandatory interfaces are clarified in the sections that follow (sections I.B through I.E).

In general, SACWIS interfaces should provide an efficient, effective and economical method of exchanging information between various State and Federal information systems. The SACWIS system should enable the State to coordinate services with other Federally funded programs, eliminate paperwork and prevent duplicate data entry. The preamble to the Interim Final SACWIS regulation states that the "electronic exchange of casefile information will assist in service planning, allowing multiple aspects of a client's needs to be addressed, and appropriate services to be initiated in a prompt and coordinated way and will insure that the system operates more efficiently by eliminating redundant data and paper exchanges and delays resulting from separate processes." While a significant amount of common information (e.g., names, dates of birth, addresses, resources, family composition, risk factors and other demographic information) can be shared through these interfaces, they also are used to satisfy specific functional requirements (e.g., issue and track authorized payments, and process Medicaid and child support eligibility).

Section I - Interfaces

ACF believes that robust and dynamic interfaces (optional and mandatory) can help the State:

- identify safety factors;
- capture information about individuals alleged to have committed child abuse or neglect;
- locate potential caretaker relatives;
- exchange information necessary to determine whether a child would have been eligible for AFDC under that program's rules as they existed in the State on July 16, 1996;
- measure outcomes;
- exchange information on medical-related services provided to the family/child;
- verify information reported to the child welfare social worker; and
- save a significant amount of time that can be redirected to supporting the needs of children and their families.

B. Interface to the Title IV-A System (TANF)

In order to be approved for SACWIS funding, a State's child welfare system must, to the extent practicable, interface with the title IV-A system that collects information relating to the eligibility of individuals under title IV-A (TANF). (See 45 CFR 1355.53(b)(2)(i)). The requirement to build an interface between the SACWIS and the title IV-A system was not eliminated by the passage of PRWORA. States developing or implementing a SACWIS must continue to build an interface to the system used to administer the Temporary Assistance for Needy Families program.

"Expected Results" of the interface to the title IV-A system - To the extent practicable, the interface between the State's SACWIS and the title IV-A (TANF) system must (1) allow for the automatic exchange of common and/or relevant data between the two systems (to prevent duplicate data entry), (2) accept and process updated or new case data and (3) identify potential duplicate payments under title IV-E and title IV-A programs.

The Interim Final SACWIS regulations defined "practicable" by noting that the interface requirement need not be met if the responding system is not capable of an exchange or where cost constraints render such an interface unfeasible. With the passage of the PRWORA, States may consider other factors in determining whether it is "practicable" to develop an interface between SACWIS and the title IV-A system. PRWORA allows States to implement separate title IV-A programs within the State. Furthermore, the State and/or local jurisdictions operating different TANF programs may even use multiple or stand-alone information systems to administer them. ACF will consider these factors in evaluating a State's request for exemption from the title IV-A interface requirement. Before granting such an exemption for these reasons, ACF will ask the State to examine other alternatives which might enable the State to meet the previously defined goals of this interface to the maximum extent possible (e.g., develop an interface to the title IV-A program in the jurisdiction that has the largest caseload or to a State-level client index).

C. Interface to the Title IV-D System

The title IV-D interface requirements in SACWIS reflect a similar mandate of the Child Support Enforcement program. The title IV-D interface requirements are listed in the Child Support Certification Guide published in June 1993 by the Office of Child Support Enforcement. For the purpose of providing additional information to the State Child Welfare Agencies, Appendix A contains the section of the Child Support Certification Guide (entitled *Automated Child Support Enforcement Systems: A Guide for States*) that delineates the information that the title IV-D agency is required to exchange with the title IV-E agency. ACF will assess a State's compliance with the SACWIS requirement to develop a title IV-D/SACWIS interface based on the State's ability to accomplish the expected results.

"Expected Results" of the interface to the title IV-D system - The interface must (1) provide for the exchange of data necessary to establish a child support case; (2) accurately record child support collections on appropriate title IV-E Federal reports; (3) identify potential child support resources for the title IV-E child; (4) allow for the automatic exchange of common and/or relevant data between the two systems (to prevent duplicate data entry), (5) accept and process updated or new case data; (6) capture the data necessary to report AFCARS Foster Care data element number 62 (AFCARS Foster Care data element number 62 indicates whether child support funds are being paid to the State agency on behalf of the child); and finally (7) provide the title IV-D system with information about the current foster care maintenance payment, either from the SACWIS or, if the State chooses, a Statewide financial system. The title IV-D system needs these data to properly distribute child support collections for current and former foster care cases. A result of this financial distribution process in the Child Support Enforcement system may be collections disbursed to the title IV-E agency.

The Adoption and Safe Families Act of 1997 (Public Law 105-89) and the Child Support Performance and Incentive Act of 1998 (Public Law 105-200), amended title IV-D of the Social Security Act to provide State title IV-B/IV-E child welfare agencies with access to the Federal Parent Locator Service (FPLS), by submitting a request through the State's IV-D agency. If a State elects to use the FPLS for child welfare related cases, the interface to the State's title IV-D system may need to be modified. We expect that the benefits of pursuing this option would include assistance with identifying non-custodial parents with whom the child could be placed and more timely termination of parental rights when a suitable relative placement is not available.

D. Interface to the Title XIX System

"Expected Results" of the interface to the title XIX system - The interface between the title XIX system and the SACWIS must (1) provide for the exchange of information needed by the State Medicaid eligibility system to calculate and track Medicaid eligibility for children in foster care, (2) allow for the automatic exchange of common and/or relevant data between

Section I - Interfaces

the two systems (to prevent duplicate data entry), and (3) capture the data necessary to report AFCARS Foster Care element number 63 (this element indicates whether the child is eligible for, or receiving assistance under title XIX). ACF expects that Medicaid eligibility will be calculated and tracked, and providers paid through the existing title XIX system(s).

E. Interface to the Child Abuse and Neglect Data System

Considering the direct relationship between child protection and child welfare services we encourage States to integrate their child abuse and neglect functions into their SACWIS. If the child abuse and neglect system (CANS) is integrated into the SACWIS, the interface requirement is satisfied.

“Expected Results” of an interface to a stand-alone CANS - Should a State elect to develop an interface between its SACWIS and a stand-alone CANS, it must (1) allow for the automatic exchange of common and/or relevant data between the two systems (to prevent duplicate data entry). Relevant information should include data collected during the screening, investigation and assessment of an incident, as well as SACWIS case management information that had been collected during a previous foster care episode.

F. Levels of Automation

Any one of the following levels of automation may be used to meet these interface requirements:

- On-Line - Direct, real-time, computer-to-computer exchange of electronic data. When it is cost effective, this is the preferred interface methodology.
- Batch - Batch processing is an acceptable method of electronic data exchange. Any exchange of information through batch processing must allow for the capture of relevant information in the SACWIS. This does not mean that the data would automatically update the SACWIS without appropriate review by agency personnel.
- Common Data Base - A single data base which serves the needs of two or more of the title IV-A, IV-D, IV- E and/or XIX programs, as well as a State Central Registry may meet one or more of the interface requirements.
- Other solutions proposed by the State - Paper or view-only interfaces are not appropriate for the SACWIS “mandatory” interfaces. The data exchange should be accomplished through an automated electronic process, and the SACWIS data should be available on-line throughout the State. Paper or view-only solutions may be acceptable for SACWIS “optional” interfaces.

Section II - Title IV-E Eligibility - SACWIS Automation Requirements

A. Background

ACF has always expected that a State SACWIS would support the determination of title IV-E eligibility in an automated manner. Prior to the passage of PRWORA, the guidance provided by ACF (including the preamble to the SACWIS regulations and the SACWIS AT ACF-OISM-001) indicated that a child's AFDC eligibility had to be determined through the required interface between SACWIS and the title IV-A system. This interpretation was drawn from section 13713 Of the 1993 Budget Reconciliation Law (SACWIS statute) and its requirement to develop an efficient, effective and economical system with an interface to "the State data collection system that collects information relating to the eligibility" of the title IV-A program. It also reflects ACF's belief that an accurate determination of a child's eligibility for Federal IV-E foster care or adoption assistance payments is a core component of such a system. Finally, the implementing SACWIS regulations at 45 CFR 1355.53(b) state that:

"At a minimum, the system must provide for effective management, tracking and reporting **by providing automated procedures and processes** to: . . .

- (5) Collect and manage information necessary to determine eligibility for:
 - (i) the foster care program . . .
- (7) Monitor case plan development, payment authorization and issuance, review and management, including eligibility determinations and redeterminations"

Therefore, ACF expects that the SACWIS will support the determination of title IV-E eligibility in an automated manner.

PRWORA, as amended by the Balanced Budget Act of 1997, requires the States to use the AFDC State plan as it was in effect on July 16, 1996 in making IV-E eligibility determinations.

Regardless of a State's current approach to implementing TANF, children entering the foster care program must have their eligibility for the former AFDC program determined before the State can determine if they are eligible for title IV-E benefits. The fact that the child's family received benefits under TANF does not necessarily mean that the child would have been eligible for benefits under the AFDC program as it was in effect on 7/16/96, nor does ineligibility for TANF equate to ineligibility under title IV-E.

Prior to the passage of PRWORA States were expected to use their existing AFDC systems to determine the financial-related components of title IV-E eligibility. With the passage of PRWORA, this expectation has changed. At this point, many AFDC systems have been modified to meet the PRWORA requirements for the TANF program. Therefore, States that previously used their AFDC-related information systems to assist in determining title IV-E eligibility may need to develop an alternate solution for automating eligibility determinations for title IV-E foster care and adoption assistance payments. The guidance

Section II - IV-E Eligibility - SACWIS Automation Requirements

that follows is intended to assist States in their efforts to identify the most efficient and effective approach to automating the AFDC-related title IV-E eligibility. Furthermore, guidance in II.B-II.D. supersedes the requirement in SACWIS AT #ACF-OISM-001 that the title IV-A interface was to be used to determine AFDC eligibility. (See pages 20 and 21 of that Action Transmittal.)

B. Expectations for Determining Title IV-E Eligibility

The State has considerable discretion to determine how much automation is needed to make accurate title IV-E eligibility determinations. However, it is ACF's expectation that the State's automation approach will be sufficient to achieve the following two goals:

- Document the data used to establish an individual's complete title IV-E eligibility in an automated information system so that it is available for independent review and audit (this provides a safeguard for ensuring accurate eligibility determinations, and allows data regarding the factors of eligibility to be available to other child welfare staff during the life of the case); and
- Ensure that all eligibility factors are consistently and accurately applied in every eligibility determination (automation of the eligibility rules and arithmetic calculations can eliminate much of the potential for error inherent in manual processes).

C. Options for Determining the AFDC-Related Components of Title IV-E Eligibility --

States may calculate AFDC eligibility (needed to determine title IV-E eligibility) in several different ways. Some possible methods are listed below.

- Include a title IV-E eligibility module in the TANF or former AFDC system - Potential advantages of this approach include the re-usability of existing programming from the former AFDC system.
- Build a simple module into SACWIS - The primary advantage of this approach is that all relevant information and functions are captured in one system.
- Considering that both the title IV-E and title XIX programs base program eligibility on the AFDC rules in effect as of 7/16/96, a State could create a stand-alone module that would be used by both the title IV-E and title XIX systems (with costs allocated to the benefiting programs). Under this approach, the applicable State systems could use the stand-alone module through an interface.
- Use the title XIX eligibility system. Title IV-E eligibility could be determined through an interface with the title XIX system if that system had a module capable of determining eligibility for AFDC as it was in effect in the State on 7/16/96. The cost of the eligibility module would need to be allocated to the benefiting programs. This approach would

Section II - IV-E Eligibility - SACWIS Automation Requirements

allow States to leverage existing functionality and might mirror processes used prior to the enactment of PRWORA.

- Other solutions may be proposed by a State; however, the rationale for any solution needs to be justified in terms of efficiency and cost-effectiveness.

States are encouraged to carefully examine the alternatives available to them before selecting the option that best meets their needs. The design of the eligibility module should be simple and straightforward. Additionally, the nature of the automation necessary to support this eligibility decision is significantly different than that which was needed to support the former AFDC program. For title IV-E eligibility, the system would not need to process ongoing eligibility; it would only need to determine eligibility at set points in time (initially and for each redetermination), capture the factors considered in calculating eligibility, and ensure that the eligibility rules are applied uniformly to all clients.

D. Example of AFDC-Related Eligibility Factors to be Considered

The generic eligibility factors identified in the chart below are examples of AFDC-related eligibility requirements which may have governed the State's AFDC program as of July 16, 1996. States will need to review their own State plans in effect as of that date to determine the actual factors they will need to examine in order to determine the AFDC-related components of title IV-E eligibility. As a point of emphasis, the reader is reminded that this is not intended to be a definitive list of AFDC eligibility requirements in every State.

It is not ACF's intent to mandate a specific approach to automating the eligibility determination process for title IV-E. Considering that title IV-E eligibility is tied by law to a set of rules in place on a specific date, we encourage States to evaluate their automation options based on what will best fit into their existing environments. The preferred automation approach should be selected based on time to implement, cost, and ease of maintenance and operations. A simple design is encouraged, as long as it is capable of capturing appropriate eligibility data for future use and review, and it standardizes the application of policy in all eligibility determinations.

However, it must also be noted that AFDC eligibility factors added and/or changed by approved Section 1115A waivers should not be used to determine title IV-E eligibility. This is true no matter when the Section 1115A waiver was approved. For additional information regarding this policy, you should review ACYF-PIQ-CB-96-02.

The following chart suggests ways of automating some common AFDC-related eligibility factors, and offers guidance on ACF's expectations for the level of automation needed to ensure the above two goals are met. We emphasize that this list is provided as an example of how some AFDC-related eligibility factors could be captured in a State's SACWIS. States may use other approaches which may be equally effective in meeting goals that we have outlined for determining eligibility.

Section II - IV-E Eligibility - SACWIS Automation Requirements

Examples of AFDC-Related Eligibility Factors	Possible Automation Approaches
Social Security Number	The eligibility system or module should capture the social security number and note how it was verified (i.e., verification indicator).
Citizenship	The eligibility system or module should provide a Yes/No flag and verification indicator.
Alien Status	If the child is not a citizen, the eligibility system or module should capture alien status and verification indicator.
Age	Age should be a calculated field based on the individual's date of birth. Date of birth should include a verification indicator.
Deprivation	The eligibility system or module should capture the deprivation factor that made the child eligible for title IV-E funding (absence, disability, death or unemployment). Depending on the deprivation factor used, a verification indicator may be needed.
Living with a Specified Relative	<p>Two elements apply to this eligibility factor:</p> <ol style="list-style-type: none"> 1. The eligibility system or module should record the relationship between the child and his/her primary caretaker and a verification indicator. 2. The eligibility system or module should record whether the child and specified relative lived together in the same dwelling. "Living With" could be recorded through a yes/no flag and a verification indicator.
Income	<ul style="list-style-type: none"> • For each income source, the eligibility system or module should record the gross amount, type and verification indicator. • For each income type (e.g., earned, unearned, deemed, lump sum), the eligibility system or module should calculate the amount to be used in the eligibility determination. <p>With appropriate edits and the use of mandatory fields, the State should be able to simplify the design of this calculation.</p>
Income Deductions	The eligibility system or module should record the applicable income deductions.
Assets & Resources Counted/Exempt	The eligibility system or module should record the type, source and amount of available assets and resources. The eligibility system or module should include a verification indicator and should consider the applicable resource and asset limits in calculating eligibility.
Budget Calculation	The eligibility system or module should calculate the financial eligibility based on the available income, assets and resources.

Section II - IV-E Eligibility - SACWIS Automation Requirements
--

E. Other Title IV-E Eligibility Criteria

As was the case in Section II.D. of this Action Transmittal, the items identified in the table below are examples of other eligibility factors (related to the child’s legal status and the out-of-home-facility) which will need to be considered in determining whether payments on behalf of a child qualify for title IV-E reimbursement. As a point of emphasis, the reader is reminded that this is not intended to be a definitive list of all title IV-E eligibility requirements.

It must also be noted that while the title IV-A eligibility determination process may be completed in a separate eligibility system or module located outside of the SACWIS, ACF expects that the eligibility information related to the child’s legal status and the out-of-home-facility will be recorded within the SACWIS.

Examples of Other Title IV-E Eligibility Factors	Possible Automation Approaches
Reasonable efforts to keep child in the home	The SACWIS should record on-going case work by the child welfare worker and child specific information to make a determination of reasonable efforts.
Reasonable efforts made to reunite family	The SACWIS should capture sufficient information to support a finding that the State has made reasonable efforts to reunite the family.
Reasonable efforts to make and finalize a permanent placement	The SACWIS should capture sufficient information to support a finding that the State has made reasonable efforts to make and finalize a permanent placement for the child.
Date of removal from home of specified relative	The SACWIS should capture the date the child was removed from the home. The SACWIS system must record a system generated date that corresponds to the date that this information was recorded in the SACWIS system. The system’s security protocols must prevent the system-generated date from being altered. See AFCARS Foster Care data element # 22.
Date of Court Order for Removal	The SACWIS should capture the date of the court order.
Date of Placement in County/State Responsibility	The SACWIS should capture the date that the child was placed under the responsibility of the applicable State or county agency.
Best interest of Child Cited	The SACWIS should indicate if the court order indicated that it was contrary to the child’s welfare to remain at home.
Eligible Foster Care Placement	The SACWIS must be able to accurately calculate whether a payment to an out-of-home placement is eligible for title IV-E reimbursement.

Section III - SACWIS Policy Clarifications

A. Background

This section of the Action Transmittal (AT) provides guidance concerning SACWIS policy questions that have arisen since AT #ACF-OISM-001, dated February 24, 1995 was issued.

In this section of the AT, the terms “operation” and “development” are used. These terms are defined at 45 CFR Part 95 Subpart F.

- Development - means the definition of system requirements, detailing of system and program specifications, programming and testing. This includes the use of hardware to the extent necessary for the development phase (e.g., the equipment needed to support the project staff).
- Operation - means the automated processing of data used in the administration of the State plan related to the applicable program. Operation includes the use of supplies, software, hardware and personnel directly associated with the functioning of the mechanized information system.

Considering that ACF has allowed States to implement these systems on a phased basis (e.g., ACF has approved requests by States to purchase equipment for users prior to the completion of the software application), these activities are not necessarily sequential.

B. Cost Allocation -

1. Operation versus Development

The SACWIS regulations at 45 CFR 1355.57(a) provide that all expenditures of a State necessary to plan, design, develop, install and operate a SACWIS may be treated as necessary for the proper and efficient administration of the State plan under title IV-E “... without regard to whether the system may be used with respect to foster or adoptive children other than those on behalf of whom foster care maintenance payments or adoption assistance payments may be made under the State plan.” That provision eliminated the need for States to allocate system costs on the basis of the relative size of the title IV-E and non-title IV-E Foster Care and Adoption caseloads to be served by the system. However, a State must propose a methodology for allocating costs when the system supports programs other than those carried out under the approved title IV-B and IV-E State plan or supports functions outside of the SACWIS defined functional requirements (see AT #ACF-OISM-001).

During the implementation phase of a SACWIS project, ACF has encouraged States to design and build comprehensive child welfare systems that could be used to support a

Section III - SACWIS Policy Clarifications

broad range of child welfare related services and programs. Toward that goal, ACF supported cost allocation methodologies that assigned common costs for **child welfare related functions** to the title IV-E program. This approach to allocating costs, generally referred to as a primary program methodology, has been approved during the development phase of a SACWIS project.

Once a State starts to incur operational expenses, those costs must be allocated in accordance with the cost allocation plan approved by the DHHS Division of Cost Allocation. While ACF has supported State requests to use a primary program approach to allocate costs related to the design, development and implementation of a SACWIS, the operational phase of a SACWIS engenders direct benefits to specific programs based upon its usage. Consequently, upon the implementation of any portion of the system, cost allocation plans approved by the Division of Cost Allocation must appropriately consider the programs benefiting from the operational use of the system. If this policy is not reflected in the State's currently approved operational cost allocation plan, an appropriate amendment, to be effective no later than the beginning of the calendar quarter following the date of this issuance, should be sent to the Division of Cost Allocation.

2. Use of Equipment by Providers

The reimbursement for SACWIS equipment purchased for private agencies under contract to a State will be allowed only to the extent that the private agencies are performing SACWIS-defined activities (see ACF Action Transmittal ACF-OISM-001) equivalent to the those of the State's title IV-B/IV-E agency employees. If any of the staff activities are not allowable under title IV-B or IV-E as a SACWIS administrative cost (e.g., activities supporting the provision of social services such as counseling and treatment services), the cost of the equipment must be allocated on a basis that reflects its usage for allowable versus unallowable activities performed by the private agency staff using the equipment.

In addition, the following conditions must also be considered when determining the appropriate allocation of costs:

- The activities performed must be in accordance with the SACWIS functional components outlined in the Action Transmittal ACF-OISM-001.
- The private agency must be under a current contract with the State agency at the time the equipment is provided to the private agency.
- All equipment provided to the private agency must remain the property of the State agency. Should the contractual relationship between a private agency and the State agency be terminated for any reason, the equipment must be returned to the State agency or disposed of in accordance with the regulations at 45 CFR 95.707.

Section III - SACWIS Policy Clarifications

- If the State claims Federal financial participation (FFP) for payments to a private agency for administrative costs, and the State's payment to the private agency includes costs (either direct or indirect) associated with the purchase/lease, maintenance, installation and/or operation of computer equipment, the State may not use SACWIS funds to supply computer equipment to that agency. However, if the amount of equipment (e.g., number of personal computers) being funded through the existing payments is less than the number that the private agency would otherwise be eligible to receive for its SACWIS related activities (as defined in this section), the shortfall may be funded through the SACWIS project.
- The number of computer workstations installed in an agency must meet a reasonable standard. The reasonable standard should be proposed by the State in its Advance Planning Document and approved by ACF. The number of computer workstations (personal computers) should be proportional to the number of families served by the private agency for the SACWIS activities identified in ACF Action Transmittal ACF-OISM-001. The State should propose a methodology that considers the number of families served and the number of full time equivalent staff performing specific SACWIS activities.

3. Training During Operations

We recognize that training will be required after the completion of SACWIS implementation. During development, the costs of providing training (not trainee costs) were identified in the SACWIS project budget and allocable in accordance with the methodology provided for the overall project. Training delivered after the system becomes operational (e.g., training for new staff) must be allocated to the benefiting program(s) and is subject to reimbursement in accordance with the law and regulations applicable to those programs. Thus, the functions of the trainees rather than the fact that SACWIS training is being provided will determine to which program the costs will be allocated. For example, the costs of SACWIS training for State or local staff performing only title IV-E type functions may be allocated to title IV-E training. Similar training provided to State or local workers administering title XX type functions should not be allocated to title IV-E. It also should be noted that title IV-E training funds (@ 75 percent) may not be claimed for the costs of training provided to private agency staff, regardless of their activities or the type of training provided.

4. Equipment

The cost of computer equipment must be charged to the programs using it. Title IV-E funds may not be used to purchase equipment for other programs, including other child welfare related programs (e.g., juvenile justice or adult protective services).

C. Reviews

States electing to develop a SACWIS are subject to the existing Federal review and approval processes, initiated and updated by an Advance Planning Document (APD). Three types of SACWIS reviews are performed by ACF.

MONITORING REVIEWS: Under 45 CFR 95.621, ACF is required to continually review, assess, and inspect the planning, design, development, implementation, and operation of automatic data processing projects (e.g., a SACWIS) to determine if they meet the requirements imposed in law, regulations and guidelines. Additionally, the regulations at 45 CFR 95.615 indicate that "...the State agency must allow the Department access to the system in all of its aspects, including design, development, operation and cost records of contractors and subcontractors at such intervals as are deemed necessary by the Department to determine whether the conditions for approval are being met and to determine the efficiency, economy and effectiveness of the system."

These reviews, conducted on an as-needed basis, assess the State's progress in developing the comprehensive Statewide system described in the approved APD. During planning, design, development and implementation, these reviews are generally limited to examining the overall progress of the project, work performance, expenditure reports, system deliverables, and supporting documentation. ACF will assess the State's overall conformance with the approved APD and provide technical assistance and information sharing from other State projects.

SACWIS ASSESSMENT REVIEWS: Once a system is operational, ACF will conduct a SACWIS Assessment Review. The SACWIS Assessment Reviews are conducted in accordance with the regulation published at 45 CFR 1355.55. The purpose of this review is to ensure that all aspects of the project, as described in the approved APD, have been adequately completed, and conform with applicable regulations and policies. Requests for these reviews are usually initiated by the State; however, ACF reserves the right to initiate SACWIS Assessment Reviews at any time in the system life cycle.

The review process is described in ACF's *SACWIS Assessment Review Guide*. A copy of the Guide can be retrieved from ACF's Web Page at <http://www.acf.dhhs.gov/programs/oss/>.

AFCARS REVIEWS: AFCARS reviews are conducted to assess the accuracy of State data submitted to the Federal AFCARS system. In most State systems, child welfare data must be mapped to the federally mandated AFCARS definitions and extracted from the SACWIS. The extracted data must be formatted and transmitted to ACF according to specific requirements. All of these steps are covered in the AFCARS reviews. Therefore, AFCARS reviews have a separate and distinct purpose from SACWIS Assessment Reviews and may be conducted before, during, or after a SACWIS Assessment Review.

D. Advance Planning Document (APD) Requirements

The APD requirements, defined at 45 CFR Part 95, Subpart F, apply to systems funded with title IV-B and/or title IV-E funds.

- SACWIS Project

The APD summarizes the scope and implementation plans of a State's information system "project." For a SACWIS, the project extends from the initiation of planning activities through the completion of the SACWIS Assessment process, including any enhancements or modifications to the system determined to be necessary to meet SACWIS or State requirements. Once the system has been completed, as demonstrated by the completion of all work activities defined in the current Implementation APD (including all enhancements) and any issues identified during the Assessment Review process have been resolved, the SACWIS project will be considered finished.

- Enhanced Funded Project

SACWIS projects that were started prior to the termination of enhanced funding continue to fall under the rules governing enhanced funded projects until the conditions described in the above paragraph have been satisfied. This includes the requirements related to the timely submission of APDs, APD Updates and prior approval of all procurement instruments (e.g., RFPs, ITBs, contracts, contract amendments, etc.) used by the State to secure services and/or equipment related to the project.

A State with an enhanced funded project must receive approval for the Annual APD Update and the As Needed APD Update no later than sixty days after the occurrence of any of the following changes:

- ⇒ when there is an increase in the total cost of the system which exceeds the lesser of \$100,000 or 10 percent of the project budget;
- ⇒ when there is a schedule extension of more than sixty days;
- ⇒ when there is a significant change in the procurement approach, and/or the scope of the procurement activities beyond that approved in the APD;
- ⇒ when there is a change in the system concept or scope of the project;
- ⇒ when there is a change in the approved cost allocation methodology; and/or,
- ⇒ when there is a change of more than 10 percent of the estimated cost benefits.

A State with an enhanced funded project must obtain written approval from ACF prior to initiating project activities related to the following:

- ⇒ the Planning APD;
- ⇒ the Implementation APD;

Section III - SACWIS Policy Clarifications

- ⇒ Requests for Proposals (RFPs) and contracts, when the final contract is anticipated to or will exceed \$100,000;
- ⇒ non-competitive acquisitions; and/or
- ⇒ contract amendments involving contract cost increases exceeding \$100,000 or contract time extensions of more than sixty days.

- Regular Funded Project

If a State initiates a project after the expiration of enhanced funding or initiates a new project after the completion (as defined above) of the enhanced funded project, it is required to obtain prior written approval from ACF when it plans to acquire automatic data processing equipment and/or services with regular Federal financial participation and the total cost of the new project exceeds \$5,000,000 in Federal and State funds.

A State with a regular funded project must receive approval for the Annual APD Update (for projects with a total acquisition cost of more than \$5,000,000 when required by ACF) and for the As Needed APD Update no later than sixty days after the occurrence of any of the following changes:

- ⇒ for projected cost increases of \$1,000,000 or more;
- ⇒ when there is a schedule extension of more than 120 days;
- ⇒ when there is a significant change in the procurement approach, and/or the scope of the procurement activities beyond that approved in the APD;
- ⇒ when there is a change in the system concept or scope of the project; and/or
- ⇒ when there is a change in the approved cost allocation methodology.

A State with a regular funded project must obtain written approval from ACF prior to initiating the following activities:

- ⇒ the Planning (if necessary) and Implementation APD for a project that the State believes will have a total acquisition cost of \$5,000,000 or more in Federal and State funds.;
- ⇒ a Request for Proposals and contract prior to release of the RFP or prior to the execution of the contract when the contract is anticipated to or will exceed \$5,000,000 for competitive procurement or \$1,000,000 for noncompetitive acquisitions from non-governmental sources (Note - States will be required to submit RFPs and contracts below these threshold amounts on an exception basis or if the procurement strategy is not adequately described and justified in an APD); and
- ⇒ For contract amendments prior to execution of the contract amendment involving contract cost increases exceeding \$1,000,000 or contract time extensions of more than 120 days (Note - States will be required to submit contract amendments below these threshold amounts on an exception basis or if the contract amendment is not adequately described and justified in an APD).

Section III - SACWIS Policy Clarifications

- Examples

- ⇒ A State has completed its SACWIS, as defined above, and wants to exercise an option in its existing contract for ongoing maintenance and support.

In this example, the rules for a regular funded project would be followed. If the contract amendment exceeds \$1,000,000 or extends the contract by more than 120 days, the amendment would require prior approval. If the effort resulted in additional project costs (total for all cost categories) in excess of \$1,000,000 or extended the project schedule for major milestones by more than sixty days, the State would need to submit an APD Update for approval.

- ⇒ A State has completed its SACWIS, as defined above, and wants to replace the existing equipment through a competitive procurement. The State plans to use its own staff to configure and install the equipment provided by the winning vendor.

In this example, the rules for a regular funded project would be followed. If the total contract, over its entire life, is anticipated to or will exceed \$5,000,000, the RFP and contract must receive prior written approval before they can be executed by the State. If the total cost of the effort (including the cost of the contract and the State staff installing the equipment) will exceed \$5,000,000, an APD must be approved prior to the initiation of project activity.

- ⇒ A State has completed its SACWIS, as defined above, and wants to acquire services through a competitive procurement. The State estimates that the cost of the contract will be \$3,500,000 and that all other costs will not exceed \$1,250,000.

In this example, the rules for a regular funded project would be followed. Because the contract is anticipated to cost less than \$5,000,000 it does not require prior Federal approval. Furthermore, because the total project costs are anticipated to be less than \$5,000,000, the State need not submit an APD.

In this example, if the winning proposal exceeded \$5,000,000, the State would be required to submit the contract and an APD for prior approval. ACF would also request a copy of the original RFP for review at the point that it became apparent that the contract was going to exceed the applicable cost threshold.

In this example, if the cost of the winning proposal is less than \$5,000,000, but the costs of the winning proposal and all other anticipated project costs exceed \$5,000,000, the State would be required to submit an APD for prior approval. The resulting contract would not require prior written approval.

- ⇒ A State has completed its SACWIS, as defined above and wants to secure ADP equipment services that will exceed \$5,000,000. However, the State determines

Section III - SACWIS Policy Clarifications

that the most efficient way to proceed with its project is to procure services through separate procurements, none of which will individually exceed the cost threshold.

In this example, the State would be required to submit an APD for prior approval. Depending on the justification presented in that APD regarding the need to separate the procurement into multiple actions, ACF may exercise its authority and require the State to submit the RFPs and/or contracts for prior approval. This would be done on an exception basis.

⇒ Regardless of the “project” funding rate, the State has determined that it must replace SACWIS related equipment.

States may replace computer equipment that has reached or exceeded its useful life. If they do so during the project (as described above) States may request funding for these activities by submitting an As-Needed APD Update. If they do so once the SACWIS project has been completed (as described above), the State may need to submit an APD depending on the total cost of the equipment.

Please note that these examples are not intended to cover every possible scenario. If a State has a question regarding the need to submit a particular document, we strongly recommend that the State contact ACF for guidance.

- Additional SACWIS System Development Beyond What Was Approved In The APD

Federal regulations at 45 CFR 1355.53(f) allow States to complete their projects on a phased basis (i.e., to continue system development activities after modules and/or functions are already operational in some or all parts of the State). Therefore, a State may initiate additional SACWIS development activities prior to completion of the project. The State’s eligibility to receive title IV-E funding for these additional activities is dependent on what is being proposed and the review and approval of applicable project documents by ACF per the above discussion regarding the need to submit an APD and procurement documents to ACF for approval.

Additional SACWIS development costs (beyond what was approved in the State's Implementation APD) must be related to the optional functional components described in Action Transmittal ACF-OISM-001. All such efforts must be justified by the State in accordance with the aforementioned Action Transmittal. The cost to develop non-SACWIS related functionality (i.e., components not described in the SACWIS Action Transmittal) must be allocated to all benefiting programs, including State funded foster care and adoption assistance. Additional development costs must be reported and approved through an APD Update as defined above.

Section III - SACWIS Policy Clarifications

- Cost-Benefit Report

Once a State begins operation of the system, it must submit an Annual APD Update which includes a report that compares the estimated costs-benefits projected in the Implementation APD to the actual costs-benefits achieved to date. This report must be submitted annually for 2-5 years or until ACF determines that the projected cost savings have been achieved [see 45 CFR 95.605 (3) (a) & (b)]. The requirement to submit an Annual APD Update with the cost-benefit report, extends beyond the completion of the project.

It should also be noted that all system costs, including costs related to development and operation for the projected lifecycle of the system, must be included in the State's cost-benefit analysis.

- Implications

Regardless of the FFP rate of a project, the State's failure to submit a required document to the Department may result in disapproval or suspension of project funding. The cost thresholds related to the various requirements include the total anticipated expenditures that will be charged to all funding sources (e.g., State, local and Federal).

E. Text Files - Access through SACWIS

The preamble to the Interim Final SACWIS regulations, published in the Federal Register on May 19, 1995, indicate that a SACWIS will provide users with readily available information which, among other things, will assist them in assessments, developing case plans and making appropriate decisions. Furthermore, the SACWIS regulations at 45 CFR Part 1355.53, state that the system must collect and manage information necessary to facilitate the delivery of client services. During our initial SACWIS reviews it was apparent that, in some cases, critical case narratives were being captured outside of the State system (e.g., on stand alone workstations). This practice prevented appropriate staff from accessing important information about the family or child and conflicts with the vision that a SACWIS is an integrated case management system. The inability of staff to access all the information about a situation (case, family or individual) could lead to inappropriate or even harmful decisions.

As a result of these initial findings, ACF believes that it is necessary to remind States that critical information about a case must be captured in the system. Considering that in the child welfare domain, case narratives are an important component of the case record, critical text files associated with the individual, family, and/or case should be accessible to appropriate staff through the SACWIS. ACF acknowledges that access to text files may be accomplished through various technological approaches and is not prescribing a specific method. Furthermore, this guidance is not intended to preempt State confidentiality rules; it is intended to ensure that the staff that have a professional need to access a case can view

Section III - SACWIS Policy Clarifications

(or retrieve in an automated manner) all of the essential information about a case needed to make a sound and accurate decision. System security features should be used to control access to all sensitive data, including text files.

F. Legislative and Policy Initiatives

1. Revisions to OMB Reporting Standards on Race and Ethnicity

The Office of Management and Budget (OMB) published a Notice of Decision in the October 30, 1997 issue of the Federal Register (volume 62, number 210, pages 58782 - 58790) which will have an impact on a State SACWIS. The Notice announced OMB's decision concerning a revision to its Statistical Policy Directive Number 15 Race and Ethnic Standards for Federal Statistics and Administrative Reporting. The Notice modifies the racial and ethnic categories to be used in Federal reporting initiatives (including the Adoption and Foster Care Analysis and Reporting System - AFCARS). Furthermore, the notice requires that respondents be offered the option of selecting one **or more** racial designations (e.g., Asian, Black **and** White). The current AFCARS report only allows for a single racial category to be reported. Future guidance and/or changes to the AFCARS reporting requirements will be issued by ACF.

2. Adoption and Safe Families Act

On November 19, 1997, the Adoption and Safe Families Act of 1997 (ASFA) was signed into law. This legislation represents an important landmark in Federal child welfare law. Based on our preliminary analysis, it appears that the legislation and the implementing regulations will have an impact on the design and use of State SACWIS systems. The intent of this section is to alert States to the new law, but **not to direct that any action be taken by the States at this time**. The SACWIS Functional Requirements delineated in ACF's Action Transmittal ACF-OISM-001 are still in effect and should be followed. Specific examples of possible effects of ASFA on SACWIS system are provided in a Program Instruction issued by the Children's Bureau (ACYF-CB-PI-98-02 - dated 01-08-1998).

While the Program Instruction referenced above identifies some of the possible implications that ASFA may have on a State's SACWIS, we acknowledge that it is possible that the implementing regulations could have additional ramifications that cannot be foreseen at the present time. Therefore, the reader is advised that after the implementing ASFA regulations have been published, ACF may need to update the guidance provided to States regarding SACWIS. We also want to emphasize that the examples of possible implications identified in the aforementioned PI are not an exhaustive list and that other system components could be affected (e.g., interfaces).

Section III - SACWIS Policy Clarifications

ACF strongly encourages State program and system staff to discuss the possible implications for the State's SACWIS as they move forward in implementing Public Law 105-89 or any other new program initiatives.

G. IV-E Signature Requirements

Several States have indicated that they require a signature by an individual (e.g., the foster parent, the caseworker) on a IV-E "application" in order to meet what they believe is a Federal requirement. The "application" was being used to capture the signature of an individual who was attesting to the accuracy of the eligibility information on the paper document. Some States have limited their automation to support the generation of a hardcopy application that can be signed. State staff noted that they believed the signed application was needed to claim title IV-E funds. This misunderstanding may result in additional work for State staff as well as reduce the potential system efficiencies. We would like to take this opportunity to state that there are no Federal rules that require a State to secure a signature on an "application" before a child is determined to be eligible for a title IV-E foster care payment.

For the purpose of title IV-E eligibility the following documents should be signed by all relevant parties:

- Voluntary Placement Agreements between the parent/guardian and the State;
- Court Orders;
- Licenses for Foster Care Providers; and
- Adoption Assistance Agreements.

Appendix A

Requirements from *Automated Child Support Enforcement Systems: A Guide for States*, June 1993

A-3 OBJECTIVE: The system must accept and process referrals from the State's title IV-E (Foster Care) agency.

System Certification Requirements:

- a. The system must automatically accept and process automated referrals from the IV-E agency if the State IV-E system is automated.
- b. The system must automatically record, in the automated case record, the date the referral is received.
- c. The system must be able to link two non-custodial parents to a child(ren) in the custody of the IV-E agency.
- d. The system must accept and process the following information:

Foster Care Agency/Child Custodian:

1. IV-E case identification number,
2. IV-E case status (open, closed, suspended),
3. IV-E approval date,
4. IV-E payment amount,
5. Information on good cause/non-cooperation (including whether a claim or final determination of good cause for non-cooperation has been made),
6. Information on assignment of rights,

Non-custodial Parent(s):

1. Names,
2. Social security numbers,
3. Dates of birth,
4. Last known addresses, and
5. Last known employer names and addresses.

Child(ren):

1. Name,
2. Date of birth,
3. Social security number,

Appendix A

4. Paternity established (Yes/No), and
5. If the child is covered by the non-custodial parents' health/medical insurance, the name of the carriers and the policy numbers.

Support Order:

1. Court/Administrative order number,
 2. Date support amount was established,
 3. Amount of support ordered,
 4. Payment frequency (monthly, weekly),
 5. How payments are made: through court/IV-D agency or directly to the Foster Care agency,
 6. Date and amount of last payment/collection,
 7. Amount of arrears, and
 8. Payment due date
- e. Within 20 calendar days of receipt of the referral, the system must:
 1. Establish a case record,
 2. Refer the case to the appropriate processing unit, and
 3. Notify the caseworker of the case.

Recommended Data Elements:

Amount of Arrears	Good Cause/Non-cooperation Code
Amount of IV-E Payment	IV-E Agency Address
Amount of Last Payment/Collection	IV-E Agency Name
Amount of Support Ordered	IV-E Case Number
Assignment of Rights (Yes/No)	Medical Coverage (Yes/No)
Case Status Indicator	NCP(s) Home Address
Child Address	NCP(s) Last Known Employer Address
Child Covered by Insurance (Yes/No)	NCP(s) Last Known Employer Name
Child Date of Birth	NCP(s) Mailing Address
Child Name	NCP(s) Medical Insurance (Yes/No)
Child SSN	NCP(s) Medical Insurance Policy Number
Court/Administrative Order Number	NCP(s) Medical Insurance Carrier
Date Case Established	NCP(s) Name
Date of IV-E Approval	NCP(s) SSN
Date of Last Payment/Collection	NCP(s) Date of Birth
Date Payment Due	Paternity Established (Yes/No)
Date Program Information Provided	Payment Frequency
Date Referral Received	Payment Made to
Date Referred to Initial Processing Function	Type of Support Ordered
Date Support Amount Established	

NCP(s) = Non-custodial Parents

D-3 OBJECTIVE: The system must automatically accept and process case updates and provide information to other programs on a timely basis.

System Certification Requirements:

- a. The system must accept and update automated case information received from various sources, e.g., county attorney, caseworker, locate staff, IV-A, IV-E, Medicaid, etc.

- e. At the time of a change, the system must electronically transmit the following to provide the IV-E agency with updates to foster care related information:
 - 1. Child's name,
 - 2. Child's Social Security Number,
 - 3. Child's IV-E foster care case number,
 - 4. Non-custodial Parents' names and addresses,
 - 5. Paternity established (Yes/No),
 - 6. Amount of monthly support ordered, and
 - 7. Amount of last payment/collection.