



North Carolina Department of Health and Human Services  
Division of Social Services

Michael F. Easley, Governor  
Carmen Hooker Odom, Secretary

Sherry S. Bradsher, Director  
919-733-7033

March 26, 2007

**Dear County Director of Social Services**

**ATTENTION:** Alamance, Alexander, Brunswick, Buncombe, Burke, Cabarrus, Caldwell, Chatham, Cleveland, Craven, Cumberland, Currituck, Dare, Davidson, Davie, Durham, Forsyth, Guilford, Harnett, Haywood, Lincoln, Mecklenburg, New Hanover, Orange, Pasquotank, Person, Richmond, Rockingham, Scotland, Stanly, Stokes, Swain, Transylvania, Union, Wake, Wayne, Yadkin, and Yancey Counties

**SUBJECT: IV-E Waiver Demonstration Project**

A conference call was held March 21, 2007 to discuss cost neutrality and the future of North Carolina's IV-E Waiver Demonstration. We have 10 quarters remaining in the project, which is scheduled to operate through June 2009. During the first phase of the Waiver, we were able to establish a cost neutrality cushion. In recent quarters, the cost neutrality cushion has been dramatically depleted. The rate of decrease requires immediate action to ensure that North Carolina remains cost neutral. The following strategies were developed with input from Waiver Demonstration Counties:

1. Any children entering care from April 1, 2007 forward will not be converted from State Foster Home Funds to IV-E Waiver.
2. Counties who have not documented their participation in the Waiver through required quarterly reports will no longer accrue reinvestment savings – all existing IV-E Waiver children previously converted from State Foster Home Funds (SFHF) will as a result of this action revert to SFHF and any new children entering care will not be eligible for conversion.
3. An assessment of individual county performance related to cost neutrality as well as the following outcome areas will occur: reducing the rate of initial entry into the foster care system, reducing the length of stay in the system, and reducing the rate of re-entry into the system. Counties who are not achieving the goals of the Waiver and are not cost neutral will no longer accrue reinvestment savings – all existing IV-E Waiver children converted from SFHF will revert to SFHF and children entering care will not be eligible for conversion. The assessment will involve the evaluation team from UNC, as well as Division staff including LBL's and CPR's.

4. Best practice strategies will be gleaned from the assessment of those counties who have remained cost neutral while achieving the goals of the Waiver, and those strategies will be shared with all counties.

Those counties impacted by the second and third strategies will be personally notified by Division staff once the assessment is complete. Your agency will be instructed when the reversion of existing children to SFHF would occur.

It is important to reiterate that we must take action in order to ensure that North Carolina remains cost neutral. The Division agrees to schedule quarterly conference calls to discuss emerging issues. We will monitor the impact of the strategies listed above and alter our plan as needed.

The conference call raised some concern regarding which children are eligible for conversion. In order to be eligible for conversion from SFHF to IV-E W, the child must have a valid social security number and should not be in a Level III or a Level IV placement.

If you have questions, please contact Candice Britt [Candice.Britt@ncmail.net](mailto:Candice.Britt@ncmail.net) at 919-733-7831 or Thomas Smith at [Thomas.Smith@ncmail.net](mailto:Thomas.Smith@ncmail.net) at 919-733-9464.

Sincerely,



Esther T. High, Acting Chief  
Family Support and Child Welfare Services Section

ETH/crb

cc: Sherry Bradsher  
Jo Ann Lamm  
Sarah Barham  
Children's Program Representatives  
Family Support and Child Welfare Services Team Leaders  
Local Business Liaisons

**FSCWS-22-07**