Child Welfare Funding in the New Federal Landscape:
How to better support children and help create systemic reform
Contact Us Anytime!

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Today's Agenda

1. A Disintegrating Safety Net
3. Impacts of Federal Funding on Foster Care
4. Opportunities for Child Welfare Reform
Let’s Start with Tranquility
We need a whole social safety net to support needs of vulnerable populations...
...but we have an increasingly disintegrating and threatened federal safety net
For example, the purchasing power of TANF, through use of block grant, has severely declined.

Source: Center on Budget and Policy Priorities, https://www.cbpp.org/research/family-income-support/tanf-cash-benefits-have-fallen-by-more-than-20-percent-in-most-states
Across last decades, and continuing to today, there has been a number of changes to federal safety net services. These changes include:

- **1970**: Deinstitutionalization of mentally ill started.
- **1980**: Start of dramatic cuts to HUD. Public housing development slowed.
- **1983**: Budget shrank from $83B to $18B. Start of war on drugs. Rise of mass incarceration. Increased jail population from <200K in 1972 to 2.2M today.
- **1990**: SSBG becomes block grant. Emphasis on use of block grants, including replacing AFDC with TANF.
- **2000**: Welfare reform. Restrictions to SSI.
- **2010**: Criminal justice reform. Further HUD cuts proposed. Affordable Care Act & healthcare reform.
- **2020**: Deinstitutionalization without community-based services.
The reality is that all these funding streams heavily touch upon the lives of children experiencing abuse and/or neglect.
HOW IS THIS RELEVANT TO CHILD WELFARE?
Lack of safety net has sent some states scrambling in wake of national opioid crisis

Lots of recent coverage on impact of national opioid crisis on state foster care systems

"As the drug epidemic has intensified...another rush of children has entered the system. State budgets are stretched, social workers are overloaded, and not enough families are willing to provide children with temporary homes"¹

¹ New York Times
Many sources serving as general safety net also actively support Child Welfare

Federal sources of national Child Welfare spending

- Title IV-E: 55%
- TANF: 20%
- Medicaid: 10%
- SSBG: 8%
- Title IV-B: 5%
- Other: 3%

Using TANF and SSBG for child welfare services undermines the welfare of children

Annual federal funding: ~$17 billion

Can be used to fund:
- ✓ Kinship caregiver support
- ✓ Parent training
- ✓ Substance abuse treatment
- ✓ Domestic violence services

States can transfer up to 10% to SSBG for an even broader range of child welfare uses

Annual federal funding: ~$2 billion

Extremely flexible, can be used for up to 29 different service categories, including:
- ✓ Counseling services
- ✓ Home based services
- ✓ Pregnancy / parenting services
- ✓ Prevention / early intervention
- ✓ Protective services for children
Other federal support for child welfare programs are underutilized or inadequate

| **Medicaid** | • Underutilized entitlement that is available to ALL eligible children – in and out of foster care  
• Targeted case management for children at risk of abuse and neglect to access supportive services  
• Mental health services  
• Identification and treatment of substance abuse disorders |
| **Title IV-B** | • Includes prevention and early intervention |
| **CAPTA** | • Includes child protective services |
However, there has been significant disinvestment by federal government in our foster children

Change in federal child welfare spending between SFY2012 to SFY2014 by source

Federal Title IV-E funds spent on child welfare have decreased 16% since 2004
- Pressure on TANF, other sources not dedicated to child welfare
- Lookback to 1996 eligibility criteria for Title IV-E means there are fewer Title IV-E dollars available to states every year

Title IV-E, the largest source of funding, supports children in and out of formal Foster Care

Title IV-E funds a broad range of programs and services:

- Foster care maintenance payments
- Extended foster care (up to age 21)
- Adoption assistance (for children adopted out of foster care; de-link being phased in)
- Subsidized guardianship (for relative guardians)
- Administration (case planning/management, support for “candidates” for foster care)
- Training (foster or adoptive parents, relative guardians, caseworkers, court personnel)
Complex, outdated rules mean fewer children are eligible for federal foster care funding each year

To receive **FEDERAL foster care benefits**, the children **must meet the 1996 AFDC criteria in the home of removal** in the month of removal or one of the six months prior to removal:

- In 1996, California income limit for a family of three **to qualify for AFDC** was **$723**
- **BY CONTRAST**: Income limit for the **SAME** California family **to qualify for cash assistance today** is **$1,169**

| Federal funding eligibility | A child can be removed from a parent receiving welfare benefits and **STILL** not qualify for federal foster care benefits...
| What that means | ... **BUT** Federal test **has nothing to do with the needs of the child** or the needs of the relative where the child is placed... |
For example: California has seen fewer and fewer children in foster care supported by federal funds.
And it's not just California, most states can only use Title IV-E for less than half of children in foster care.

### Change between SFY2004 to SFY2014

| Range   | Percentage | States/Local | Federal | Total
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<td>0-20%</td>
<td>-5%</td>
<td>-16%</td>
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<tr>
<td>21-30%</td>
<td>4%</td>
<td>1</td>
<td>2</td>
<td>3</td>
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<tr>
<td>31-40%</td>
<td>9%</td>
<td>13</td>
<td>16</td>
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<tr>
<td>41-50%</td>
<td>8%</td>
<td>9</td>
<td>16</td>
<td>31</td>
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<td>51-60%</td>
<td>9%</td>
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<td>25</td>
<td>41</td>
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<td>61-70%</td>
<td>2%</td>
<td>3</td>
<td>8</td>
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<td>71-80%</td>
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<td>81-100%</td>
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This has resulted in increasing financial burden on state and local governments

Federal vs. State / Local spending share on child welfare, SFY2004 to SFY2014 (30 states with comparable data)

As cost burden on state / local increases, less incentive to take appropriate action with caseloads when necessary

IV-E Waivers seek to address this by allowing experimentation in spend and eligibility flexibility.

**IV-E Waivers**
- Time-limited demonstration projects giving states greater discretion in how IV-E funds can be used.
- Goal is to develop innovative approaches that can be replicated more broadly.
- Must be cost-neutral to federal government.

**Model for Reform?**
- Fixed funding levels provided to participating jurisdictions in return for enhanced flexibility.
- Predicated on idea that savings can be achieved (through reduced foster care costs) and reinvested into other programs.
IV-E Waiver projects across the country show little innovation

IV-E waiver spend as % of total dollars (among 18 states)

- Costs IV-E already covers (58%)
- Covering non-IV-E eligible children (32%)
- New services and activities not otherwise IV-E allowable (9%)
- Project development & evaluation (1%)

• Official outcomes still TBD: waiver evaluations have not yet been completed for most states participating

It's clear that current federal financing structure possesses significant shortcomings:

- Declining IV-E eligibility due to antiquated income limits
- Capped funding sources for prevention and early intervention and reunification
- Overall federal funds decreasing over time resulting in increased reliance on state/local funds
  - FY14: 57% state/local funds, 43% federal funds

Some believe giving states more flexibility in how they use IV-E dollars is sufficient...

...others believe the system needs an infusion of new resources

Advocates agree on shortcomings...

...but no consensus on solutions
HOW DO BROKEN FINANCING MODELS CAUSE HARM TO VULNERABLE CHILDREN?
Three core impacts of child welfare funding structure on vulnerable children and youth

- **Broken front door into foster care**
  - Leaving children in dangerous, unsafe conditions

- **Use of kin placements**
  - Without providing adequate funding and support

- **Lack of community placements and overreliance on congregate care**

**Impact outside of formal foster care**

**Impact in formal foster care**
Broken front door into foster care leaving children in dangerous, unsafe conditions

Use of kin placements without providing adequate funding and support

Lack of community placements and overreliance on congregate care

Impact outside of formal foster care

Impact in formal foster care

California Case Study
Wait...shouldn't we keep children out of foster care?
Let's evaluate with the hospital analogy

Foster care is like a hospital:

The hope is that you won't ever need to go to the emergency room...

...and if you have a slight cold, there are less-intensive solutions to treat...

...but if you become seriously ill...

...going to a well-run hospital becomes safest, most appropriate solution
CalYOUTH Study found that many who were in foster care say it is necessity to protect from extreme danger

**Longitudinal study on outcomes for >700 California youth (foster care to adulthood)**

In 2014 survey, youth reported high levels of abuse / serious neglect prior to foster care:

- **Physical abuse:** 33% of youth reported physical abuse by parent or spouse
  - Includes: 36% “hit hard with fist, kicked, or slapped”; 26% “beat up” by parent
- **Sexual abuse:** 21% had been raped; 30% sexually molested (much higher for females)
- **Neglect:** 49% reported “inadequate parenting skills”
  - Includes: 26% parent incapable of caring for child; 20% “abandoned by caretaker”

Most youth agreed or strongly agreed that they were ‘lucky’ to be in foster care and were satisfied with their experience in care

**BOTTOM LINE:** Foster care is not ideal ... but data indicate that many youth may have been far worse off had they remained at home
But, while CA referral rates for child maltreatment have been stable or increasing since 2000...

- Rates (per 1000) of children reported for abuse or neglect has increased slightly in recent years
- In 2015, the rate was **55.1 children per 1000**

...removal rates of reported children into foster care have been declining...

- In any given year, fewer than **1 in 10** children reported for maltreatment are placed in foster care

...resulting in a dramatic drop in the state's foster care caseloads

- CA foster care caseload in 2000 ~101,000 vs. foster care caseload in 2016 ~54,000; 47% decline
- Nationally, foster care caseloads have dropped over the past 15 years, from a high of 567,000 in 1999 to a low of 402,000 in 2013

What happens if **not removed** when **appropriate**?
Re-reporting rates and risk of death among infants are high!

82% of infants reported for maltreatment remained at home after allegation

After adjusting for other risk factors, infants and toddlers who have been reported to child protective services:

- ~60% **re-reported** before age 5
- Sustain **inflicted** fatal injuries at nearly **6x rate**
- **Unintentional** fatal injuries at **2x rate**
- Sudden Infant Death Syndrome (**SIDS**) at **3x rate**

And it is not just children with substantiated reports!

Meanwhile, older youth facing abuse and serious neglect at home run away, becoming homeless

National estimates are that 1.6 million children and youth (12-17) experience homelessness without a parent or guardian:

- **68%** could not return home due to parents not letting them or ongoing conflict at home
- **57%** report being physically beaten, hit, or hurt by a caregiver
- **21%** were forced to have sex by an adult
- **20%** had conflicts with parents around sexual orientation which caused them to leave

Advocate for transparency and youth voice in front door policies

**Practice Tip**

In CA, youth can file petitions directly in juvenile court when they are not able to enter foster care through CPS.

In MN and IN, the child welfare system is increasingly taking responsibility for older youth experiencing homelessness with specialized response protocols.

**Example**
Broken front door into foster care leaving children in dangerous, unsafe conditions

Use of kin placements without providing adequate funding and support

Lack of community placements and overreliance on congregate care

Impact outside of formal foster care

Impact in formal foster care
Types of Kinship Care We Are Discussing

**Voluntary Kinship Care (informal)**
- Child welfare system is/was involved, but *no formal foster care*
  - Child could be with relative through a Probate Court Guardianship or informal arrangement
  - Child welfare system is not involved in placement
  - May be caring for a child with or without legal custody or guardianship

**Kinship Foster Care (formal)**
- Child placed in foster care with a relative either through *court removal* or *Voluntary Placement Agreement*

**NOTE:** We are NOT discussing *private* kinship care – when there is no child welfare involvement and parents/guardian arrange for care with kin directly
In 2014, 79% of the 702,000 children who were found to be abused or neglected after a hotline call and investigation did not enter foster care...

What did state child welfare agencies do for these children and families?

• Offer voluntary in-home services

• Offer voluntary short-term placement with relative or foster parent plus services to family

• Divert cases into informal kinship care

Family-support services or informal kin used for majority of child abuse and neglect cases
... or placing children in formal care with kin

Research has shown that foster children in kinship care have:

- Fewer placements
- More frequent and consistent contact with birth parents, siblings
- Felt fewer negative emotions about being placed in foster care than children placed with non-relatives
- Less likely to runaway
However, there are disparities in how we support a child depending on placement, especially with kin.

Our existing continuum of care is **separated into 5 placement categories:**

1. **Group homes**
2. **Private foster family agency placements**
3. **Foster family homes, non-related extended family members, and fully licensed or approved relatives**
4. **Kinship foster care (not licensed or not federally eligible)**
5. **Informal kinship care**

Under this tiered-system, the **benefits, services and supports that a youth receives differ according to the youth’s placement** and, in the case of children placed with a relative, on the youth’s IV-E status.
Fiscal supports for youth informally placed with relatives outside of foster care are limited...

- Medicaid (Only if eligible under ACA after 18)
- TANF?
- Disability?
- SSI?
...though there is slightly more funding available for formal kin care placements.

Formal care with grandma:

- Federally eligible under IV-E (*including* ASFA)
  - Foster Care benefits
  - Subsidized permanency (*Kin-GAP, AAP*)

- NOT federally eligible under IV-E
  - State foster care funding (possibly lower) payment
  - State subsidized permanency programs

Regardless of IV-E federal eligibility:
- Medicaid until 26 under ACA
- ILSP eligibility
- CHAFEE eligibility
- Extended foster care until 21

- TANF
Foster care licensing standards for relatives also act as barriers to placements with families

Generations United, ABA Center on Children and the Law, and the Annie E Casey Foundation conducted a survey of foster care licensing standards to identify trends, problematic standards, and barriers specific to relatives:

### Problematic Standards
- e.g. Such as applicants be no older than 65 unless waiver or applicants able to communicate in English

### Inconsistent Standards
- Varying standards for the same type of requirements that should not vary significantly

### Placement Capacity
- States vary between allowing 3 to 6 foster children in a home, total between 4 to 8 children

### Criminal Convictions
- At least 21 states disqualify for crimes beyond those in federal law (Adam Walsh Act)

Source: Improving Foster Care Licensing Standards around the United States: Using Research Findings to Effect Change available at www.grandfamilies.org
Reliance on TANF to support kinship families sets families up to fail

TANF child-only vs. TANF 3-child grant vs. Basic Foster Care Rate as a % of Estimated Cost of Providing for the Needs of a 15-18 Year Old

Source: 2011 data from GAO Report. Foster Care Payments are from the Annie E Casey Report and the data is from 2011. The monthly cost of care is estimated in the same Annie E Casey report using 2011 data.
Additionally, disintegrating federal safety net further erodes support to kin caregivers

Children placed with kin fare better...

...BUT kinship caregivers are “substantially less likely than foster caregivers to receive financial support, parent training, peer support groups, and respite care”

- Less than 12% receive TANF (nearly 100% are eligible)
- 42% receive SNAP benefits
- 42% of children in kinship receive Medicaid (nearly 100% are eligible)
- 17% of low-income working kinship families receive child care assistance
- 15% of low-income kinship families receive housing assistance

Source: Health Outcomes and Family Services in Kinship Care; Analysis of a National Sample of Children in the Child Welfare System
In practice, Kin also receive fewer supportive and case management services

“Kin are generally eligible to receive the same services as non-kin foster parents. However, past research has clearly shown that in practice, kin foster parents and the children in their care receive fewer services. Kin are offered fewer services, request fewer services, and receive fewer services.”

<table>
<thead>
<tr>
<th>Service</th>
<th>Non-Kin</th>
<th>Kin</th>
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<tbody>
<tr>
<td>Respite Care</td>
<td>23%</td>
<td>16%</td>
</tr>
<tr>
<td>Support Group</td>
<td>40%</td>
<td>9%</td>
</tr>
<tr>
<td>Training</td>
<td>76%</td>
<td>13%</td>
</tr>
<tr>
<td>Specialized Training</td>
<td>71%</td>
<td>17%</td>
</tr>
<tr>
<td>Child Care</td>
<td>Less than 10%</td>
<td>Less than 10%</td>
</tr>
<tr>
<td>Mental Health Services</td>
<td>48%</td>
<td>28%</td>
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<tr>
<td>SW Contact within last month</td>
<td>81%</td>
<td>73%</td>
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<tr>
<td>Average # of Services on 0 to 6 Scale</td>
<td>2.3</td>
<td>0.53</td>
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Screen for errors in IV-E eligibility determinations; IV-E can be important for supports beyond funding such as automatic links to Medicaid in out-of-state placements.

**Practice Tip**

Dependency attorneys can partners with legal aid or other organizations to provide administrative law representation involving IV-E disputes.

**Example**
Use voluntary placement agreements (VPAs) to formalize and unlock support access for youth diverted out of foster care to be placed with kin
Broken front door into foster care leaving children in dangerous, unsafe conditions

Use of kin placements without providing adequate funding and support

Lack of community placements and overreliance on congregate care

Impact outside of formal foster care

Impact in formal foster care
It is increasingly more likely for 13 – 17yr olds to be in group home despite overall decline in use.
Reliance on congregate care is associated with poor outcomes for children and youth

- Significantly increased risk of arrest (Hernandez, 2008)
- Higher rates of re-entry into foster care after reunification than those reunified from family-based care (Barth, 2002)
- Less likely to graduate and more likely to drop-out of school than children and youth in family-based care (Wiegmann et al, 2014)
So why is group care being used, and how can we responsibly reduce group home placements?

Recall: Foster care resources are structurally unequal by placement type

<table>
<thead>
<tr>
<th>More resources</th>
<th>Less resources</th>
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<tr>
<td>1. Group homes</td>
<td>5. Informal kinship care</td>
</tr>
<tr>
<td>2. Private foster family agency</td>
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<tr>
<td>3. Foster family homes, non-related extended family, fully licensed kin</td>
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<tr>
<td>4. Kinship foster care (not licensed or not federally eligible)</td>
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In order to responsibly reduce reliance on group homes:

- Leverage kin to build stock of alternative placements to group homes
- Bolster supports for youth in kin placements, including:
  - Higher rates for families, including eliminating "the lookback" rule
  - Expansion of community-based supports such as EPSDT for mental health

Structure creates funding and service barriers to kin, but less so for group homes
Failure to fund family placements is penny wise, pound foolish

National averages

Monthly cost of care

- TANF Kin Home: $249
- Basic Kin Home: $511
- Basic Foster Home: $511
- Therapeutic Foster Home: $1,500
- Group Home - level 12: $6,500
While group care can serve as necessary, but ideally short-term intervention for higher-need youth...

Congregate care continues to play a critical role in the continuum, especially for children and youth with significant mental and behavioral health challenges.

- 3x as likely as foster care peers to have mental health diagnosis
- 2x the rate as foster care peers to have clinical problems
- Tend to be older with higher rate of behavioral challenges
- Most already experienced an unsuccessful foster placement
Medicaid / EPSDT services can provide important mental health services for youth in both informal and formal foster care.

- **System of Care**: child focused, family driven, and community based
- **Wraparound services**, such as: in-home therapy, respite for kin caregivers, in-home crisis intervention, and mentors.

*Medicaid / EPSDT are a comprehensive, federal entitlement for youth*
Community-based mental health services are an effective and appropriate alternative

✅ More likely to be delivered in a least restrictive, most family-like setting
  - Youth can remain with families and do not need to experience additional trauma of further removal and dislocation

✅ Services can also include family, who may bring specific expertise and history regarding the needs of the child
  - May accrue skills and coping mechanisms that will assist in keeping the youth at home

✅ May be as or more effective as similar services in institutional settings and are more cost effective
  - Services can be individually tailored to the child’s needs
Use **legal entitlement** to EPSDT to expand mental health services to youth in kin or family-like placements

**Practice Tip**

**Example**

*Katie A. v. Bonta*: federal class action lawsuit filed on behalf of CA foster youth at risk of out-of-home placement

- Provides Intensive Home-Based Services and Intensive Care Coordination to eligible youth under Medicaid in CA
WHAT OPPORTUNITIES EXIST TO REFORM AND IMPROVE FOSTER CARE?
Three key policy implications, each with opportunity

#1
Fix larger-scale gaps in child welfare funding to create comprehensive safety net for youth

#2
Focus incentives and foster care entry or diversion practices around child well-being, not number of caseloads

#3
Safely reduce reliance on congregate care by investing in kin and family setting as alternate placements
Fix larger-scale gaps in child welfare funding to create comprehensive safety net for youth

**Policy implication #1**

1. **Reverse the disinvestment by federal gov’t** in nation’s foster children: bring federal share back up to former levels

2. **Child welfare system needs new resources**; reform cannot be budget-neutral without compromising integrity of care
   - Waivers, especially capped-allocation projects, are not a responsible model for comprehensive reform
   - IV-E entitlement should be strengthened and expanded to support prevention, early intervention, and post-reunification services
   - Leverage other available programs to bring in resources to families (SSI, Medicaid, SNAP, etc)

3. **Effective finance reform will require up-front investment**; cost savings come later, won’t cover up-front costs
Policy implication #2

Focus incentives and foster care entry or diversion practices around child well-being, not number of caseloads

1. Measure child well-being and child safety, not the number of children in foster care or in care caseloads
   - Stop confusing “neglect” with poverty and recognize the serious endangerment it can mean
2. Expansion of primary prevention programs to reduce abuse / neglect from occurring in first place
3. Formalize appropriate diversion programs to ensure family and youth connection to key resources and services
4. Enhance efforts to improve the experience of youth who do need the protection of the foster care system
   - Includes better support for relatives, foster parent recruitment and retention, placement stability, etc.
1. **Simply shutting down group homes is not the answer**
   - Runs the risk of failed placements and increased homelessness or incarceration care usage

2. **Development of alternative placements** is key to further safe reductions of congregate care usage
   - Address foster home shortage: need more effective foster parent recruitment and retention
   - Develop therapeutic foster homes with specialized training, higher rates
   - Enhance supports for kinship caregivers that provide more stable placements and better emotional support

3. **Expanded access to community-based** mental and behavioral health services is critical to serving higher-need youth
   - Ensure early screening, identification, and assessment
   - Collaborate between child welfare and health care

**Policy implication #3**

*Safely reduce reliance on congregate care by investing in kin and family setting as alternate placements*
Through reform we can bring child welfare back to comprehensive safety net system...

...that **better connects youth to families and kin** in a way that is both safe and sustainable.
Questions