

Financing Child Welfare Services

ACTION

- Support comprehensive reform of the child welfare system to ensure children are protected.
- Preserve and expand the federal guarantee of Title IV-E Foster Care and Adoption Assistance as an entitlement for children who have been or are at risk of being abused and neglected.
- Expand access to federally guaranteed prevention and supportive services for children and families in all states and communities.

CWLA'S CALL FOR REFORM

The child welfare system needs reform. CWLA calls on Congress to implement true reform of the child welfare system to protect and support our nation's children and families. Comprehensive reform must ensure the federal government forges a stronger partnership with the states and tribal communities to meet our fundamental obligation to America's most vulnerable children. New state and federal investments are needed to sustain and strengthen the comprehensive community-based systems of care that secure the safety of our children.

CWLA looks forward to working with Congress to develop a comprehensive child welfare financing reform proposal. A truly comprehensive proposal must ensure that

- more children and families receive appropriate, comprehensive services;
- a broad array of child welfare services, beyond out-of-home care, are fully-funded and made available to children and families—including prevention, reunification, post-permanency, and post-adoption services;
- enhanced supports are available to the child welfare workforce,
- enhanced supports are available to foster and adoptive parents;
- accountability is strengthened in the child welfare system;
- new resources are provided for the child welfare system to better protect and care for children who have been abused and neglected, and to support families; and
- direct access to federal funding is extended to tribes for the care and protection of Native American children who are victims of abuse and neglect.

HISTORY

The child welfare system, with its thousands of dedicated workers and hundreds of child-serving agencies in every state and community, are on the front lines every day, battling to protect children and keep them safe. Yet, they are struggling to do the impossible without the necessary tools and supports necessary for this vital work.

Over the past several years, state and federal policymakers have held discussions and hearings to review the federal and state supports in place to provide services to abused and neglected children, their families, and children who are at risk of abuse and neglect. Those discussions are likely to continue in 2004, as recent national and local news stories highlight the fact that the number child abuse and neglect reports remain unacceptably high and that child welfare agencies lack the resources and supports necessary to ensure the safety of our children.

Pew Commission on Children in Foster Care

In 2004, Congress will receive a report from the Pew Commission on Children in Foster Care, an independent, bipartisan panel of experts. The commission's recommendations to Congress will focus on ways to improve existing federal financing mechanisms and, in turn, improve outcomes for children in the foster care system. The report will also focus on improving court oversight. These recommendations may serve as a focal point for discussion as Congress makes changes to the federal-state partnership in financing child welfare services.

The Administration's Foster Care Funding Proposal

The Administration's response to the reforms needed in child welfare include a proposal to restructure the current Title IV-E foster care program. Although such legislation has not yet been introduced, some details have emerged through various public forums. Under the proposal, each state would have an option to receive a fixed, predetermined allocation, or block grant, of Title IV-E foster care maintenance payments, administrative costs, and training funds.

If a state decided to accept this option, they would receive a set amount of funding for five years, with no option of returning to the current funding system, even if caseloads or costs dramatically increased. The formula for each state's fixed allotment would be based on a projected five-year cost estimate, based in turn upon a continuing link with 1996 standards tied to the old Aid to Families of Dependent Children (AFDC) program—resulting in an amount correlated to a smaller eligible population.

In exchange for agreeing to freeze funding at this level, states would have the flexibility to use these funds for foster care, prevention services, and any other child welfare service, and would no longer have to determine eligibility for individual children.

CWLA encourages reform but, in an era of rising budget deficits, is strongly opposed to this proposal to cap, or block-grant, foster care funding as an alternative to providing federal support for the nation's child welfare system. The White House proposal does not represent a valid national reform effort, as it does not offer the significant changes necessary nationwide to improve the child welfare system and to ensure that all children are protected. Instead, by capping the federal level of support, the proposal completely eliminates the long-held belief that the federal government has a vested interest in ensuring the appropriate level of federal support for all children in foster care.

Although perhaps attractive in the short run, due to the possibility of receiving more resources in the first two years and obtaining additional flexibility, the proposal would ultimately fail in most states because most states are experiencing under-resourced child welfare systems, high numbers of children in out-of-home care, and inadequate levels of investment in prevention programs—factors that more than offset the limited benefits of the White House's proposal. In addition, increase the capped funding in the future will be difficult, as Congress will be facing mounting federal deficits and making choices about federal priorities.

CWLA has serious concerns about any proposal that would cap federal funding at a time when states are cutting child welfare budgets and while evidence continues to mount that the current system is failing to support the best outcomes for children and families. The most recent evidence from the federal Child and Family Service Reviews presents a clear picture of what states need to adequately serve our children. Through this process designed to measure the performance of state child welfare systems, the federal government has found that states need additional support and better practice to make the improvements necessary to meet the needs of children and families.

FY 2005 Funding for Programs Supporting Child Welfare Services

Attention to child welfare financing has focused primarily on the Foster Care and Adoption Assistance program, Title IV-E of the Social Security Act.

Title IV-E is an open-ended federal entitlement to states, tied to the number of eligible children. Current Title IV-E eligibility is linked to AFDC standards that were in place in 1996. Title IV-E provided 48% of all federal funding for child welfare in FY 2000.¹ Medicaid, which provides 10% of all federal funds to states to support child welfare services, is also an open-ended entitlement tied to the number of eligible children.²

Other major federal funding sources for child welfare, including the Social Services Block Grant, Temporary Assistance for Needy Families, and the Promoting Safe and Stable Families program (Title IV-B of the Social Security Act), contribute 37% of all federal funding to states for child welfare.³ Congress must set funding for these programs through the annual appropriations process. Funding for these programs has decreased or remained flat over the past several years. CWLA strongly supports increasing funding for these programs that support child welfare services in FY 2005.

Congressional Proposals Addressing Child Welfare Financing

In 2004, Congress may also take action on several pending legislative proposals.

- **The Child Protective Services Improvement Act (HR. 1534).** Introduced by Representatives Ben Cardin (D-MD), George Miller (D-CA), Charles Rangel (D-NY), Pete Stark (D-CA), Carl Levin (D-MI), and Jim McDermott (D-WA), this bill makes a down payment toward the comprehensive reforms needed. H.R. 1534 provides new funding to help states implement strategies to expand and improve their child welfare systems, as documented in their Program Improvement Plans to the U.S. Department of Health and Human Services.

The legislation would also help public and private child welfare agencies better secure and maintain a stable, well-trained child welfare workforce. New funds are included to address the substance abuse treatment needs of families in the child welfare system and to ensure that more children are eligible for federal foster care and adoption assistance. The bill also provides first-time federal assistance to support kinship guardianship as a permanency option for some children.

- **Title VIII of the Act to Leave No Child Behind (S.448/H.R.936).** Senator Christopher Dodd (D-CT) and Representative Miller have introduced the Act to Leave No Child Behind, an omnibus bill addressing the unmet health care, educational, housing, income support, child protection, youth development, and other needs of the nation's children. Title VIII of their bill, developed with CWLA members' input, is a comprehensive proposal to restructure federal financing of the child welfare system so states can provide children and families with the assistance they need.

The legislation provides additional federal funding for preventive, crisis, permanency, and post-permanency services for children and parents or other caregivers when they first come to the attention of the child welfare system, when children enter foster care, and when children leave care to be united with their families, adopted, or placed permanently with grandparents or other relatives. Title VIII would also expand eligibility for foster care, adoption assistance, and other services.

KEY FACTS

- In 2001, child welfare agencies received an estimated 2,673,000 referrals of possible child abuse and neglect.⁴
- In 2001, an estimated 903,089 children were substantiated or indicated as abused or neglected.⁵
- An estimated 1,321 children died as a result of abuse or neglect in 2001.⁶
- Some 542,000 children were in foster care on September 30, 2001.⁷
- In 2001, an estimated 50,000 children were adopted from the public foster care system.⁸
- In 2001, the average age of children in foster care was 10 years; the average length of time in foster care was 33 months.⁹
- Of the children in foster care, 37% are white non-Hispanic, 38% are black non-Hispanic, 17% are Hispanic, 2% are American Indian or Alaskan Native, and 6% are from other races or ethnicities. Of the children waiting to be adopted, 45% are black non-Hispanic, 34% are white non-Hispanic, 12% are Hispanic, 2% are American Indian or Alaskan Native, and 6% are from other races or ethnicities.¹⁰

SOURCES

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2. Ibid.
3. Ibid.
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5. Ibid., (Table 3-2).
6. Ibid.
7. U.S. Children's Bureau. (2003, March). *The AFCARS report: Preliminary FY 2001 estimates as of March 2003*. Available online at www.acf.dhhs.gov/programs/cb/publications/afcars/report8.htm. Washington, DC: HHS.
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Additional information and materials about CWLA's call for reform, and a review of existing child welfare financing resources and legislative proposals, are available on the Advocacy page of CWLA's website under "Financing Child Welfare Services" at www.cwla.org/advocacy/financing.htm.



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