

CWLA and the Effort to Achieve Consensus on Child Welfare Finance Reform

Current Efforts in Congress and off the Hill

Over the past year, momentum toward comprehensive child welfare financing reform has been building. Legislation passed the House that would reinstate the authority of the U.S. Department of Health and Human Services (HHS) to allow up to 10 states to implement new innovative demonstration projects through a five-year waiver of Title IV-E. While IV-E waiver authority falls short of CWLA's idea of comprehensive reform, innovative and effective practices can be developed through the research, development, testing, and evaluation processes allowable under waiver authority. Perhaps most importantly, House supporters of the waiver bill publicly committed to continuing to fight for more far-reaching finance reform.

In the Senate, a Caucus on Foster Youth was formed and conducted a series of forums to examine shortcomings in the child welfare system. One session in particular focused specifically on finance reform and Senate staff heard a variety of viewpoints on what the next steps should be. The work of the Caucus culminated in a "Call to Action" paper supporting the idea of pursuing finance reform and listing some generally agreed upon principles to guide reform.

In response to Congressional action, several finance reform proposals were developed by various experts and advocacy organizations, including the American Public Human Services Association (APHSA) and the National Association of Public Child Welfare Administrators (NAPCWA), Casey Family Programs (CFP), the American Bar Association (ABA), and Mark Courtney, a highly regarded child welfare researcher. In addition, CWLA and a number of other groups have been working on developing a consensus proposal through the Partnership to Protect Children and Strengthen Families.

CWLA's Position on Major Provisions in the Various Finance Reform Proposals

While each of the finance reform proposals mentioned above is unique in its own way, there are several recurring themes and provisions in them that will presumably shape both the final Partnership proposal as well as finance reform legislation that may be introduced during the 112th Congress. Below is a list of these recurring provisions and CWLA's positioning on them.

- *Maintaining the IV-E Entitlement*

Since IV-E is an entitlement, it is not subjected to the annual appropriations process and it provides guaranteed, mandatory funding to states based on the number of eligible children in foster care. The amount of money sent to the states is directly tied to the number of kids in foster care eligible for assistance. Its status as an entitlement ensures a guaranteed level of financial support, which would otherwise be in jeopardy to the political situation in Congress and the appropriations process.

Title IV-E provides support for out of home placement, primarily foster care. There is growing concern that children placed in foster care are not attaining the outcomes we would like to see, and CWLA continues to support efforts to reduce the number of children placed in foster care through preventative services, post-permanency services, and alternative arrangements like kinship care. However it is critical that those children who *are* placed in foster care receive maximum support and care. CWLA believes that this can best be achieved by continuing a guaranteed funding stream, via the current IV-E open-ended entitlement, acknowledging that the federal responsibility for this population should not be based on political support but rather directly based on the number of children in care, providing resources for each eligible child.

- *De-linking IV-E Eligibility from Income Standards*

Because IV-E eligibility is linked to outdated income standards, less than half of children in foster care are currently supported by IV-E. Furthermore, because the income restrictions that IV-E is linked to are frozen in place and not adjusted for inflation, the rate of foster children covered by IV-E, which is known as the penetration rate, continues to decrease over time. As the number of eligible children decreases, states face increasing pressure and decreasing federal IV-E reimbursements to maintain the support for these vulnerable children and families. This implies that the federal government has a diminishing interest in providing care for foster children, which should not be the case.

In order to demonstrate that the federal government does continue to have an interest in protecting all children who have been removed from their homes, CWLA believes that the IV-E entitlement should be not only maintained but strengthened by extending its guarantee to all children in out-of-home care, regardless of the income levels of their parents or caregivers. This can be done immediately or if necessary it can be phased in gradually to reduce the cost.

- *Reinvestment and Maintenance of Effort*

Many of the proposals would allow states to project their foster care costs over a given period of time based on current practices and caseloads. If they were then able to reduce foster care placements over this time they would be allowed to reinvest the amount saved into their IV-B programs to support children who have come to the attention of the system but who have not yet been removed from their homes. This would create an incentive for states to reduce the number of children they place in foster care without forgoing any funding. It would also provide important resources to supplement many states' underfunded interventions and innovative services, which would further reduce the number of children in foster care.

Others have proposed opening up IV-E to cover a range of services, from prevention to post-permanency. Under these proposals, any child who was the subject of an abuse or neglect report would be eligible for a full range of approved services that have been determined to be effective in improving outcomes for children and families. States would be required to continue to match IV-E funding for these services.

CWLA supports both proposals that would open up IV-E eligibility to other child welfare services and those that would redirect and reinvest IV-E savings incurred by reducing foster care placements into IV-B programs. In both cases, funding would most likely need to be restricted to improving the outcomes for families who have already come to the attention of the system via an abuse or neglect report, due to financial limitations. That said, CWLA continues to support other anti-poverty and social service programs that target other at-risk families who have not yet come into the child welfare system.

- *Rates of IV-E Reimbursement for the Continuum of Services*

Some have suggested establishing new levels of reimbursement for different methods of care, in effect creating a tiered system of reimbursement rates by providing higher rates of reimbursement for preferred placements and lower or decreasing rates of reimbursement for less desirable placements. Others have proposed placing time limits on reimbursements for certain types of care, including foster care, as another means to discourage certain placements. CWLA supports maintaining funding for the full continuum of services and does not endorse structuring or time-limiting reimbursement rates in a way that might hamper caseworkers' ability to serve the unique needs of the children and families.

- *Workforce Support, Administration, and Reporting Issues*

It is important to preserve the separate funding streams for training and administration under IV-E to ensure that they are not shortchanged. Some of the proposals would merge all IV-E programs into one account, making it difficult to ensure that things like workforce training and staff development, which are critical to ensuring that the foster care caseloads are being properly managed, are adequately funded. CWLA believes that the separate, dedicated funding streams for training and administration should be maintained.

Accountability is a critical consideration to ensure that any refinancing plan accomplishes its intended purpose of better ensuring the safety, permanence, and well-being for every child. Finance reform will give greater discretion to states to determine how to use resources, and they must be held accountable to these goals.

- *Cost Issues and Offsets*

While none of the various finance reform plans have been officially scored by the Congressional Budget Office for their cost, it is evident that they represent a great range of cost. For example, allowing states to redirect IV-E savings to IV-B programs would undoubtedly cost less than opening IV-E up to the full range of services. The likely political reality is that any finance reform proposal will have to minimize cost to the federal government in order to be given serious consideration during the 112th Congress. Some have suggested achieving cost savings through reduced reimbursement rates for certain forms of care, others suggest eliminating other programs like CAPTA that might become duplicative if the uses of IV-E were to be expanded, and others have suggested capping funding levels or block grants.

As noted above, CWLA supports maintaining funding for the full continuum of services and does not endorse using reimbursement rates in a way that might hamper caseworkers' ability to serve the unique needs of the children and families. Moreover, CWLA believes that the current child welfare system is already greatly under-resourced. As the finance reform discussion moves forward, CWLA will continue to weigh any proposed cost-cutting ideas against our principles and standards, and we will not endorse any proposal that we feel undermines them.