

## CHILD WELFARE FUNDING

A majority of the federal authorized funding specifically for child welfare purposes, primarily in Title IV-B and Title IV-E of the Social Security Act, has developed over the last 75 years:

### **Title IV-E of the Social Security Act Overview:**

- Is the largest federal dedicated child welfare funding source (approximately 52% of federal funds)
- It grew out of the now defunct AFDC program, what used to be referred to as “welfare” and is now the TANF program. This program originally was only for children living with a single parent or a relative.
- However, in 1960, Louisiana expelled 23,000 children from AFDC because their homes were deemed "not suitable". The Health, Education and Welfare Secretary at the time instituted a rule declaring that states could not simply ignore the needs of children living in households deemed to be unsuitable. Instead, the ruling required states to either (1) provide appropriate services to make the home suitable, or (2) move the child to a suitable placement while continuing to provide financial support on behalf of the child.
- This funding became known as AFDC/FC or AFDC for Foster Care. AFDC was for children in their (mostly single parent) homes and AFDC/FC was for children out of their homes. While this made sense at the time, the legacy of AFDC has now outlived the AFDC program which was repealed in 1996.
- There are two types of funding streams within Title IV-E:
  - ✓ Open –ended entitlement funding where states can receive federal reimbursement for a portion of the eligible expenditures they make, without regard to a federally imposed cap or upper limit for:
    - a) foster care, b) adoption assistance, and c) guardianship assistance; and
  - ✓ The Chafee Foster Care Independence Program, which allocates IV-E funding to states for expenses related to activities that prepare youth transitioning out of the foster care system (or those who have already transitioned) for self-sufficiency after leaving the agency’s care. Unlike the Foster Care and Adoption Assistance programs, the Chafee program operates as a capped entitlement, with the Education and Training Voucher component receiving discretionary funding. States receive Chafee dollars allocated at an amount proportional to their share of the foster care population in the U.S.

### **Limitations of current IV-E Program:**

- Is triggered when a child enters out-of-home care.
- Does not align with larger federal policy goals of safety, permanency and well-being
- Is tied to a non-existent federal program that results in a diminishing federal financial participation
- As a condition of receiving these federal funds, states must also provide certain protections to each child in foster care (and without regard to whether or not the child meets federal Title IV-E eligibility criteria) and must meet additional federal requirements related to planning for and administering services to children and families

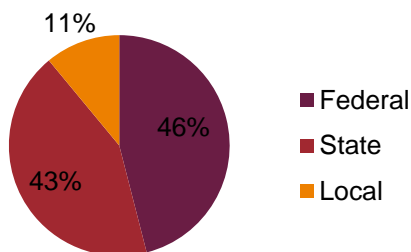
### **Title IV-B of the Social Security Act:**

- Is dedicated but much smaller federal child welfare funding source (approximately 5% of federal funds) for child welfare-related services without regard to whether a child lives at home, lives in foster care, or previously lived in foster care.
- Some of these funds go through the congressional appropriation process, so the amount of funding can change from year to year.

**Other federal funds that support child welfare, but are not exclusively or primarily to child welfare include:**

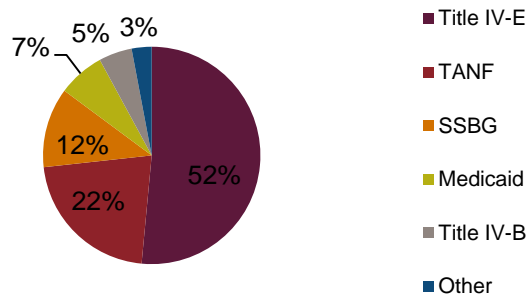
- **Temporary Assistance for Needy Families (TANF) Block Grant** (approximately 22%), is a federal block grant to states for four overarching purposes, one of which allows funds to be used to provide financial assistance and services to support children who live with nonparent caregivers when they have been removed from their homes due to abuse or neglect by their parents.
- **Social Services Block Grant** (approximately 12%) is a flexible source of federal block grant funds provided to states that supports a diverse set of five policy goals, including preventing or remedying child abuse.
- **Medicaid**, (approximately 7%) a federal-state health care financing program that provides health insurance to low income individuals, including children who are eligible for Title IV-E foster care, adoption, or guardianship assistance. In addition, states have the option to extend Medicaid coverage to non-Title-IV-E eligible children. Funding is for basic health care services and can also be used to support certain child welfare activities.
- **Other:**
  - Child Abuse, Prevention and Treatment Act (CAPTA) provides federal grant funding to States in support of prevention, assessment, investigation, prosecution, and treatment of child abuse and provides grants to public agencies and nonprofit organizations for child abuse and neglect prevention activities and family support programs.
  - Supplemental Security Income (SSI) and Title II Social Security benefits are “child income”-related funding streams that states may use for child welfare purposes.

**Source of Funds**



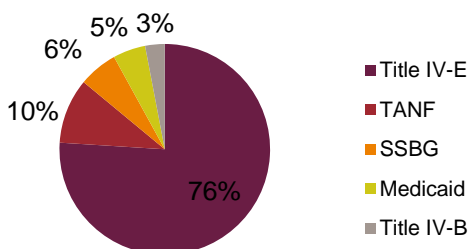
SFY 2010 Federal, State, and Local Share of all Child Welfare Expenditures in the United States

**Types of Federal Funds**



SFY 2010 Federal Child Welfare Spending in the United States by Funding Source

**California**



Federal, State, and Local Share of all Child Welfare Expenditures in California States, SFY 2010