FEDERAL CHILD WELFARE FINANCE REFORM: THE CALIFORNIA FRAMEWORK

Nationally, there is increasing agreement that comprehensive child welfare finance reform is necessary to support states and counties in their efforts to improve outcomes and ensure the safety, permanency, and well-being of at-risk children and their families. Currently, Title IV-E, the major federal funding source for child welfare, only provides funds to keep children in foster care, rather than providing for services that help families remain intact or prevent them from entering the system altogether. While there is federal funding, such as Title IV-B and CAPTA, available for activities that support families, it is extremely limited, presenting significant challenges to jurisdictions who want to offer a continuum of services to families in order to achieve better outcomes.

While there is consensus amongst stakeholders that finance reform is essential, crafting a proposal that protects children, provides flexibility, ensures accountability, and funds these programs at a level considered adequate, has proven challenging to accomplish. California, with approximately 54,000 children in care (13.5% of the children in care nationally), and our experience with the Title IV-E Waiver, is in a unique position to inform the debate and help to move the finance reform discussion to a reality. The chart that follows provides an overview of the current status of federal child welfare financing as well as the potential benefits California could experience in our Child Welfare system if federal finance reform was achieved.

Finance Reform Area	Current Status	California's Potential Benefits From Finance Reform
Service Population	The majority of federal funding for child welfare is targeted to children who are in licensed foster care. Minimal resources are available for services to families and children not in placement, limiting the population that can be served. Further, federal foster care eligibility for costs of foster home placement is linked to the federal welfare program, Aid to Families with Dependent Children (AFDC). Although AFDC was eliminated in 1996 as part of welfare "reform," eligibility for federal foster care continues to be based on the 1996 AFDC income standard. In order for a child to be eligible for federal foster care, the family from which s/he was removed must have income at or below the 1996 income standard, which has not been adjusted for inflation. If a child is not federally eligible, the federal government will not pay its share of the cost (50% in California); instead 100% of the cost gets picked up by the state.	The service population would be expanded to include all families involved in the child welfare system, as well as families at-risk of involvement and families exiting the system. Federal support would be linked to meeting a child and their family's needs, and not to the income of the family from which the child was removed. The tie between federal foster care eligibility and the 1996 income standard would be discontinued.

Finance Reform Area	Current Status	California's Potential Benefits From Finance Reform
Service Array	Title IV-E, the major federal funding source for child welfare, provides funds for eligible children who are placed in licensed foster care, and does not support services to families to divert them from the system or support maintaining children in the home. Title IV-B and CAPTA funding sources are available for services to families and children not in placement, however funding is extremely limited. Services that are provided vary widely from state to state (and county to county) and are tied to the various funding streams that support them, limiting availability, flexibility and accessibility.	Foster care would only be used when it is truly needed to ensure safety and not as a first response. Federal support would be available to meet the needs of a child and their family in a family-based setting, while ensuring the safety of the child and recognizing the importance of permanency for the child and the family. Federal dedicated child welfare funding would be available for a broader array of services. These services would be available to a broader population of vulnerable families through a continuum of care that incorporates prevention and aftercare.
Reinvestment	Title IV-E is caseload-driven and only available for services and supports to children placed in foster care. Federal law does not allow flexibility to re-invest foster care funds that are available to support successful programs that prevent the need for children to be placed in foster care or reduce children's length of stay in foster care. Reinvestment is available to States only through the Waiver Demonstration projects, such as those currently authorized for Los Angeles and Alameda Counties.	Federal support would be available to California in a manner that allows the opportunity to make strategic investments in children and families and recognizes the uniqueness of jurisdictions, allowing for individuality among counties. This includes the reinvestment of savings in Prevention and Aftercare services to divert families from the system and prevent reentry.California's experience with the Title IV-E Waiver has demonstrated that strategic investments developed specifically for counties has proven successful in reducing the number of children in out-of-home care, as well as resulting in savings that have been used to address unique populations and at-risk families.
Incentives/ Re-imbursement Changes	Most federal funding for child welfare services is spent on foster care for federally eligible children. The relatively small amounts available for prevention and aftercare services are insufficient to cover the costs of programs that keep children safe with their parents without the need for placement in foster care or support safe reunification with parents if placement in foster care was needed initially. No incentives are provided to encourage innovations, other than in adoptions. However, penalties are applied if States do not meet outcomes for safety, permanency and well-being.	Federal policy and practice would be aligned to ensure safety and improve child well-being, with federal incentives tied to the implementation of evidence-based programs and promising practices with proven results. Incentives would also be available for new innovations in service and for emerging populations.
Accountability	In the U. S., child welfare is largely the responsibility of state, county and local agencies, with considerable financial support and oversight from the federal government. The federal government has identified child welfare outcomes that states are accountable for through the Child and Family Service Review process. Currently, this process is under review in order to more closely align federal goals with expected outcomes.	Clear outcomes for child safety, permanency, and well-being would be identified in order to ensure California can develop objectives that are consistent with identified outcomes and can enhance accountability for achieving federal goals.