California Child Welfare Council

Prevention and Early Intervention Committee

FEDERAL CHILD WELFARE FINANCE REFORM: WHAT YOU SHOULD KNOW AND WHAT YOU CAN DO ABOUT IT

California is in a position to influence federal child welfare finance reform and should act quickly on this unprecedented opportunity. If achieved, finance reform will allow the State and Counties the opportunity to make more strategic investments with their federal funding in order to ensure the safety, permanency and well-being of vulnerable children and families. Federal finance reform is also needed so that foster care can be used only when it is truly needed to ensure safety and not as the sole response or intervention for families. In the current system, federal financing only covers 70% of the children who need services, and there are limitations in the services that can be offered; foster care is funded, prevention and family strengthening services and supports are not funded.

> For every $6 spent to maintain a child in foster care, only $1 is available to be invested in a broader array of services and supports that prevent the need for foster care.

It has been demonstrated that a broader continuum of service options, including prevention activities, can achieve this goal. For example, according to the Department of Children and Family Services (DCFS) from 2000-2012, through innovative and collaborative services, Los Angeles County steadily reduced the number of children in out-of-home care, the number of child fatalities and the length of time children spent in the foster care system. These efforts not only successfully maintained and reunified families; they saved the system millions of dollars that were able to be redirected into services that prevented even more families from entering the system, and reduced the overall incidence of child abuse and neglect.

> Prevention works and saves millions of dollars through upfront investment and reinvestment.

The current child welfare financing structure is outdated and does not reflect the evolving field of child welfare. Even though there have been major changes in child welfare practice, the funding structure has not evolved to meet current needs of the field. There are three primary avenues for federal reform of child welfare financing:

1. **Broaden Eligibility and Availability:** Include more families without restrictions.
2. **Increase Flexibility:** Ensure services meet community and family needs.
3. **Provide Incentives:** Align funding with practice to keep children at home safely.

Broaden Eligibility and Availability

Federal foster care eligibility for costs of foster home placement is historically 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. Tying federal foster care eligibility to a 1996 income standard—the "lookback provision"–has had the effect of making fewer and fewer children federally-eligible every year.

The Federal Foster Care program authorized under Title IV-E of the Social Security Act, pays a portion of state's costs to provide foster care for children removed from welfare-eligible homes due to child maltreatment. Title IV-E Foster Care is both an entitlement to individual children and also entitles states to funding. Because the number of children meeting the federal eligibility requirements for foster care has significantly decreased due to the 1996 income standards still in place, and because the number of children in foster care placement has significantly decreased, federal reimbursement to states has fallen sharply over the past 17 years. Rather than funding foster care, the federal entitlement should be available to support parents and children to prevent the need for removal and placement of children into foster care.

The Prevention/Early Intervention Committee believes that now is the time for comprehensive child welfare finance reform. Acting decisively will make a difference in the lives of many California children, youth, and families.

Increase Flexibility

Title IV-E waivers and other incentives have supported prevention efforts and may be instrumental in long-term finance reform. In particular, Title IV-E waivers allow cost savings from reduction in foster care to be reinvested in prevention and early intervention. Under the waivers, considerable progress has been made in keeping children safe at home, decreasing children's time is foster care, and increasing parental capacity to safely care for and nurture their children. This illustrates what is possible when existing resources are used effectively where most needed, and suggests that rather than increasing flexibility through waivers of the existing funding structure, that the funding structure should be changed to allow flexibility as the default option.

Provide Incentives

Most federal funding for child welfare services is spent on foster care and 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. There is also limited support to facilitate 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 should 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 should also be available for new innovations in service and for emerging populations.

Taking Action: What you can do

If you want to make your voice heard in support of comprehensive child welfare reform, consider one of the action steps outlined below – acting decisively will make a difference in the lives of California's children, youth and families.

1. **Partner with others who are involved in this important effort.** Join with the California Child Welfare Council, an advisory body that looks at child and family policy and financing issues, to help educate and advocate for improvement. The California Child Welfare Council was established by the Child Welfare Leadership and Accountability Act of 2006 (Welfare and Institutions Code Sections 16540 – 16545) and serves as an advisory body. More information may be found at: http://www.chhs.ca.gov/Pages/CAChildWelfareCouncil.aspx

2. **Support the Congressional Caucus on Foster Youth.** Contact the bipartisan Congressional Caucus on Foster Youth Co-Chairs, composed of U.S. Reps. Karen Bass (D-Calif.), Tom Marino (R-Penn.), Jim McDermott (D-Wash.) and Michele Bachmann (R-Minn.) and indicate your support of their work to better serve children and youth in the foster care system. More information may be found at: http://fosteryouthcaucus-karenbass.house.gov/

3. **Contact your congressional representative to provide your feedback and input on this issue.** Take action to educate and inform California's congressional representatives and others who are in a position to act decisively to reform federal child welfare financing. You will find contact information for your representatives at: https://www.govtrack.us/congress/members/CA