CWLA
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President Signs Incentive Fund, Sex Trafficking Legislation

On Monday, September 29, President Obama signed HR 4980 (PL 113-183, read the CWLA summary) the bill extends, expands and reauthorizes the adoption incentive program and extends the family connections grants by one year through FY 2014. It was critical that the President signed the bill before the end of the fiscal year so the funds could be released.

The legislation creates new requirements on state child welfare agencies (and local agencies and service providers) and results in new guidance and directives to and by HHS, among them are: it directs HHS to come up with a formula that will help capture the savings states are realizing as the Title IV-E adoption assistance program gradually expands to provide federal funds for all special needs adoptions; there are new state plan requirements on policies, screening and services for victims of sex trafficking; directs states to locate and respond to children who have run away from foster care including plans to report their absences; includes new data reporting in the adoption and foster care analysis and reporting system (AFCARS); establishes a "reasonable and prudent parent standard' for the child's participation in age or developmentally appropriate extracurricular; limits to children age 16 or older the case plan classification of being placed in a planned permanent living arrangement (APPLA) status and requires documentation and determination requirements for youth 16 or older with an APPLA status; gives children age 14 and older authority to participate in the development of their own case plans; and require agencies to provide foster children leaving foster care with key information and documents including a copy of their birth certificate, Social Security card, health insurance information, copy of medical records, and a driver's license or equivalent state-issued identification card.

New Child Trends Report Updates Child Welfare Spending Patterns

Child Trends has released their latest report on state and federal child welfare spending, *Federal, State and Local Spending to Address Child Abuse and Neglect in SFY 2012* that shows a total just under $13 billion ($12.7 billion) in federal funds spent in 2012 on child welfare services—a decrease from two years earlier. The state and local spending includes an additional $15 billion.

Some of the decreased federal spending is the result of the loss of federal stimulus funding provided to the states during the recession (funding ending in FY 2010), reduced caseloads and reduced states funding and spending choices. Title IV-E (foster care, foster care administration, adoption assistance and adoption assistance administration, Chaffee Independent Living) spending decreased but so did the use of federal funding through the TANF, SSBG, and Medicaid.

The report is funded by the Casey Family Programs and Annie E. Casey Foundations and is the latest in a series of regular reports dating back to 1996. Earlier versions were conducted by the Urban Institute and each report has added greater detail to what is a complex picture of child welfare spending that varies dramatically by state with no clear pattern of spending based on state, region or other similarities between the fifty-one jurisdictions. Instead what you see are child welfare budgets driven by state choices with some states relying heavily on the Title IV-E foster care/adoption assistance programs while others may rely heavily on federal flexible funding sources such as TANF and SSBG. The choice in spending does not seem to influence placement decisions either with some states using flexible funds for foster care and other out of home care placements.

Despite the assumption that most federal dollars are restricted to foster care placements, in fact total federal dollars spent on foster care maintenance payments (for foster parents and facilities) total just under $1.3 billion or ten percent of total federal spending. When the administrative costs are included foster care administration plus the maintenance costs total 26% of federal spending. The administrative costs actually extend beyond overhead and include critical actions such as covering case work, management, court time, families meetings and other work to either prevent placement or advance a permanent place for children in care. Some of the decreased spending here is driven by what is called the "look-back" which requires states to base part of the foster care eligibility on the AFDC cash assistance standards of 1996. But the report adds a new wrinkle of detail. States were asked to access what factors caused a child to be ineligible for federal foster care funding and the survey indicates that approximately 52 percent of children were ineligible due to the income-AFDC requirement while 17 percent were ineligible due to the home/facility not meeting the licensing requirements, while 14 percent were ineligible due to a lack of judicial determination as required under the IV-E law.

An additional new question dealt with the TANF block grant. TANF continues to provide a significant part of federal child welfare spending with the national survey indicating that 22 percent of federal funds for child welfare services comes from that block grant. That figure has been consistent over the years but it has been less clear what services are being funded by TANF. As a flexible fund it could fund prevention and up front services but it is not clear that it does. HHS this past summer created expanded data reporting requirements under TANF to help clarify this issue. That data is not available yet.

Another issue is the use of placements into the TANF program. CWLA discusses the use of TANF, in particular its role in kinship care placements in the paper, *The Intersection Between Kinship Care and TANF: Policy Questions and Proposals.* Of the 1.5 million children in TANF child-only cases, more than 400,000 of these children are children being cared for by grandparents and other relatives. This has always been the case with TANF and the preceding program, AFDC. But there has been some recent concern that some states may be "diverting" children who have been victims of child maltreatment directly into TANF without the required child welfare case monitoring and services. The Child Trends survey asked states if they placed children into child-only TANF while the child is under the responsibility of the child welfare agency. Thirty states do this and where asked if they could provide data on what percentage of their child population in out-of-home care were in these TANF placements and 20 states could not with the ten other states giving variations of zero percent to one state as high as up to 40 percent.

Another important area for consideration is the Social Services Block Grant (SSBG). The 33 year old block grant continues to be a significant funding source to child welfare with SSBG providing 12 percent of total federal dollars. Total SSBG amounts to $1.6 billion but a significant part of these dollars are TANF funds states transfer from TANF into SSBG. In some states this may be a result of a departmental and budget decision with SSBG and TANF being controlled by different state agencies. In some states the transfer allows greater control by the child welfare agency. Despite TANF boosting up the SSBG totals, SSBG funds when analyzed by the separate SSBG federal report is significant to child welfare. The Child Trends survey was consistent with SSBG reports in that foster care and child protective services are the top two services funded by SSBG. In fact past SSBG reports indicate that SSBG—excluding any TANF funds transferred into SSBG—is the biggest federal funding source for child protection. Those reports also report that SSBG is a significant source of federal funds for domestic violence and some of those services and families may overlap with child welfare. All of that is very significant in that the U.S. House of Representatives has attempted to eliminate all $1.7 billion in SSBG funds in recent years while at least one Senate proposal would target all funds to youth-related services through child welfare. For a more detailed analysis of SSBG and how it could be strengthened read the CWLA paper: *SAVING SSBG: STRENGTHENING CHILD WELFARE & HUMAN SERVICES*

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