

## **FAQ - Aid to Dependent Families (AFDC)**

### **What is the AFDC Link to Foster Care?**

Under current law, federal funding for Title IV-E foster care will only match state foster care costs for children removed from a home that would have qualified for Aid to Dependent Families (AFDC) as it existed in 1996.

### **What does that mean?**

It means the federal government covers foster care costs for an estimated 40 percent of the foster care population. States pick up all the rest of the costs unless they can find some other federal funding through the block grant limited **TANF or Social Services Block Grant (SSBG)**.

According to the FY 2020 Federal Budget:

*“This also means that the percentage of children in foster care who receive federal support through the title IV-E Foster Care Program has declined. Approximately **51.8 percent of all children in foster care in FY 2000** received maintenance payments through the title IV-E Foster Care Program. **In FY 2018**, this rate, known as the penetration rate, had **declined to just below 40 percent** of all children in foster care.”*

In 2000, approximately 60 percent of children in foster care were covered by federal funds.

### **How did this happen?**

When AFDC existed and before it was replaced by TANF in 1996, several programs tied their eligibility to AFDC. If a family was covered by AFDC, that family was eligible for Medicaid and Food Stamps. If a child was removed from a home that was receiving AFDC, that child’s foster care costs were covered by federal funding. When AFDC was eliminated, they continued to tie Foster Care funding to the defunct AFDC program.

### **Why did they continue to tie (AFDC-link) Foster Care funding to AFDC even though it was eliminated?**

There was concern, particularly in the Senate, that if Foster Care funding was tied to the new TANF block grant—with states free to lower or raise their eligibility for TANF/cash assistance

income standards, there would be a “race-to-the-bottom” by state TANF programs. That lower TANF eligibility would mean less federal funding for children in foster care.

Senator Jay Rockefeller (D-WV) and Senator John Chafee (R-RI) led the way with a temporary fix. Continue to tie Title IV-E foster care eligibility to the July 16, 1996 AFDC standards (the time when the Senate was working on final passage of TANF). The intent was to fix it at a future date. That never happened.

### **Is there a link to AFDC and Title IV-E Adoption Assistance?**

Partially but it is being eliminated. Adoption Assistance was also tied to the 1996 AFDC standards. When Congress passed the 2008 Fostering Connections to Success Act, it gradually phased out the Adoption Assistance link over ten years. Each year, for ten years, more children were untied from AFDC. In the first year, children and youth 17 & 18 were delinked. In year two, 15 & 16-year-olds were delinked, etc. This phase-in was temporarily delayed for the last age group as part of the Family First Prevention Services Act.

### **What is Adoption Assistance eligibility tied to?**

Adoption Assistance is based on whether the adopted child is considered a “special needs” adoption or the child is eligible for Supplemental Security Income (SSI) program. States establish their own special needs categories, but it is generally all children adopted from foster care. It is not based on income.

### **What is eligibility for Title IV-E Kinship Care linked to?**

Kinship care (subsidized guardianships or KIN-GAP—Guardian Assistance Program) is also tied to AFDC because it is tied to Title IV-E Foster Care (Section 472 Foster care maintenance payment program)

### **What happens if Congress does not change foster care eligibility?**

Federal coverage of foster care will eventually disappear, years into the future. At times the numbers of covered children increase (when there is a surge such as has been the case with the opioid epidemic) but the percentage of covered children continues to decline. According to a recent analysis by the CRS:

*“Accordingly, in 1996 when the AFDC program was repealed, the median state income test (for a family of three) represented 60% of the federal poverty guidelines. By 2019, the median for that same AFDC income test represented 36% of the federal poverty guideline.”*

Arguably, each year the Congress fails to correct this, the cost to fix it goes up as more and more children in care lose federal coverage.

### **What does it mean when the percentage of covered children in foster care declines?**

The bottom line is that costs are shifted to states or other federal funds including *TANF and SSBG*. It has not led to a decrease in the number of children in foster care. Over the past 25 years with the AFDC link, some states have experienced increases or decreases in foster care numbers regardless of what percent of children are covered by federal Title IV-E coverage. Those foster care numbers are increased or decreased based on other factors such as state policies and/or trends such as the opioid epidemic.