

Child Welfare Finance Reform: Key Principles

With each passing year it becomes increasingly more crucial that Congress enact comprehensive child welfare finance reform, and with each passing year the risks associated with failing to do so increase. The goal of finance reform should be to align resources with the care and service needs of vulnerable children, youth and families while providing greater flexibility to maximize the use of federal dollars and reduce states' administrative burden.

The reform should focus on sustaining an array of service, support and care options that would assure that the right option is provided to the right child and family at the right time in the right amount for the right duration in the most cost effective manner. Reform should therefore continue to hold states accountable for positive outcomes, assure that no child is denied foster care if needed, incentivize the use of evidence-based and evidence informed practices, and encourage partnerships with community-based organizations.

Specifically, Congress should:

- **Preserve the Title IV-E entitlement.**

The financing of Title IV-E foster care is structured as an entitlement. Children who meet eligibility criteria are guaranteed that some share of the cost for their foster care will be borne by the federal government, and states are required to assure that rates paid for the care of children actually cover the costs of providing that care. Unlike federal grants, entitlements are not subject to the annual appropriations process and its political uncertainties.

Congress should protect and maintain this funding structure.

Experience with other safety-net programs shows that use of block grants and capped allocation strategies undermine the programs' long-term health and harm program recipients by limiting the availability of benefits and services. We cannot afford to duplicate these outcomes in the foster care system where children's lives are at risk.

- **Remove income restrictions so that the federal government is a full partner with states in providing resources to all children in need of protection.**

Because Title IV-E eligibility is linked to outdated 1996 income standards, less than half of children in foster care are currently supported by Title IV-E funding and the number declines annually. States, moreover, are encumbered with the administrative burden of determining federal eligibility for every child in foster care.

De-linking Title IV-E would greatly ease states' administrative burden and demonstrate that the federal government will act to protect all children who have been removed from their homes,

regardless of the income level of their parents or caregiver. We understand that de-linking may result in the federal government absorbing a smaller share of cost, but believe this is preferable to retaining the linkage.

This could be accomplished in a way similar to the de-linking of Adoption Assistance, phasing in the change based on the date of first entry into care.

- **Increase investments in, and expand access to, evidence-based and evidence-informed practices that prevent children from having to be separated from their families and, when that is not possible, return them to their families or help them achieve alternative forms of permanence as quickly as possible, while safeguarding their safety and well-being.**

Finance reform should provide more resources for services targeted at keeping families together safely through Title IV-B, addressing the trauma experienced by children in the child welfare system, and supporting families once children have returned home or achieved permanence through title IV-E.

Services and practices that are evidence-based or evidence-informed should be incentivized and Title IV-E should be expanded to cover necessary services for foster children and youth not covered by other federal programs. Currently, children and youth experiencing trauma, for example, display many of the same characteristics as those with mental health problems. Treatment, however, is only available through Medicaid for those with a mental health diagnosis, thus increasing the likelihood that traumatized children, despite the availability of non-medical trauma-informed practices, will be pathologized if only to obtain needed services.

- **Continue separate, dedicated funding streams for training and administration, expand training to more fully and easily include community-based organizations.**

Separate, dedicated funding streams should be maintained for training and administration to ensure measurable accountability for cost-effective case management and to support training in evidence-informed and best practices.

It is clear that the public child welfare system cannot operate without partnerships with private community-based organizations. States should be required to detail in their Title IV-E plans how training funds will be made available to and utilized by private partner organizations.