Child Welfare Financing

NCSL 2015 Fiscal Analysts Seminar

Child Welfare Financing: How to Fund What Works

Portland, Maine

October 14, 2015

Melissa Jaacks and Nadia Sexton
Casey Family Programs
The Plan

• Types of funding used in Child Welfare
• Requirements of largest funding types (IV-E, TANF, SSBG, IV-B)
• Impact of FMAP and penetration rate
• Flexibility = Improved Outcomes? Title IV-E Waivers
• Maximizing federal revenue = Improved Outcomes? Non-waiver strategies

Source: Child Trends Survey published in 2014
Federal, State & Local Child Welfare Spending

$billions (adjusted)

Source: Child Trends 2012 (SFY 2010 Expenditures)
Dedicated Funds

• **Title IV-B**
  - **Subpart 1** — Stephanie Tubbs Jones Child Welfare Services Program (1935)
  - **Subpart 2** — Promoting Safe and Stable Families (1993)

• **CAPTA** and other programs (1974)

• **Title IV-E** (1960/1980)
  - Foster Care
  - Adoption Assistance
  - Guardianship Assistance
  - Independent Living
Non-Dedicated Funds

• **TANF** (Temporary Assistance to Needy Families)
• **SSBG** (Social Services Block Grant)
• **Medicaid**
• **SSI/SSDI**
• **State Funding** (beyond matching requirements)
Dedicated Funds - Uncapped

- **Title IV-B**
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Title IV-E

• Foster Care
  – Maintenance Payments
  – Administration
    • In-Placement
    • Pre-Placement Candidates
  – SACWIS (State Automated Child Welfare Information System)
  – Training

• Adoption Assistance

• Guardianship Assistance

• Independent Living
IV-E by Program
Large States
Shown in Total Computable (Federal, State and Local) Amounts

<table>
<thead>
<tr>
<th>State</th>
<th>Foster Care</th>
<th>Adoptions</th>
<th>Guardianship</th>
<th>Independent Living</th>
</tr>
</thead>
<tbody>
<tr>
<td>CA</td>
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<td>Other</td>
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<td>US</td>
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Source: ACF Compilation of State Submitted Reports
Foster Care Maintenance
(Cost times FMAP for IV-E Eligible Children in IV-E Eligible Settings)

The term “foster care maintenance payments” means payments to cover the cost of (and the cost of providing) food, clothing, shelter, daily supervision, school supplies, a child’s personal incidentals, liability insurance with respect to a child, reasonable travel to the child’s home for visitation, and reasonable travel for the child to remain in the school in which the child is enrolled at the time of placement. In the case of institutional care, such term shall include the reasonable costs of administration and operation of such institution as are necessarily required to provide the items described in the preceding sentence.

Separate FMAP for Maintenance paid under State-Tribal Agreements
Basic Requirements of IV-E

To be eligible under IV-E, expenditures must be

• **On behalf of an eligible child:**
  – Who meets certain removal and placement standards, and
  – Who’s family at the time of removal would have been eligible for AFDC on July 16, 1996.

• **Who resides in an eligible setting:**
  – A licensed family foster home, or
  – A licensed child care institution.
Removal and Placement Requirements

The removal and foster care placement of a child must be in accordance with—

- a **voluntary placement** agreement entered into by a parent or legal guardian of the child (a *specified relative* in AFDC terminology), or

- a **judicial determination** to the effect that continuation in the home from which removed would be **contrary to the welfare** of the child and that **reasonable efforts** have been made.
Foster Care Administration
Penetration Rate X 50% with some exceptions*

• In-Placement Administration
  – Case Planning and Management
  – Eligibility Determinations*
  – Provider Management
  – Agency Management

• Candidate Administration Costs
Allowable Administrative Costs

(1) Eligibility, fair hearings and appeals

(2) The following are examples of allowable administrative costs necessary for the administration of the foster care program:

(i) Referral to services;
(ii) Preparation for and participation in judicial determinations;
(iii) Placement of the child;
(iv) Development of the case plan;
(v) Case reviews;
(vi) Case management and supervision;
(vii) Recruitment and licensing of foster homes and institutions;
(viii) Rate setting; and
(ix) A proportionate share of related agency overhead.
(x) Costs related to data collection and reporting.
BUT...

(3) Allowable administrative costs do not include the costs of social services provided to the child, the child's family or foster family which provide counseling or treatment to ameliorate or remedy personal problems, behaviors or home conditions.
2) in the case of any other child who is potentially eligible for benefits under a State plan approved under this part and at imminent risk of removal from the home, only if—
(A) reasonable efforts… are being made to prevent the need for, or if necessary to pursue, removal of the child from the home; and
(B) the State agency has made, not less often than every 6 months, a determination (or redetermination) as to whether the child remains at imminent risk of removal from the home.
TANF

• The four purposes of the TANF program are to:
  – *Provide assistance to needy families so that children can be cared for in their own homes*
  – Reduce the dependency of needy parents by promoting job preparation, work and marriage
  – Prevent and reduce the incidence of out-of-wedlock pregnancies
  – Encourage the formation and maintenance of two-parent families
SSBG

• **Social Services Block Grants (SSBG)** enables each state or territory to meet the needs of its residents through locally relevant social services. SSBGs support programs that allow communities to achieve or maintain economic self-sufficiency to prevent, reduce or eliminate dependency on social services.

• **SSBGs fund a variety of initiatives for children and adults including:**
  - Daycare
  - Protective services
  - Special services to persons with disabilities
  - Adoption
  - Case management
  - Health related services
  - Transportation
  - Foster care
  - Substance abuse
  - Housing
  - Home-delivered meals
  - Independent/transitional living
  - Employment services
**Title IV-B, Subpart 1**

Stephanie Tubbs Jones
Child Welfare Services Program

<table>
<thead>
<tr>
<th>Program</th>
<th>Program Purpose as Authorized in the Law</th>
<th>FY2012 Funding US</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stephanie Tubbs Jones Child Welfare Services Program (CWS)</td>
<td>Formula grants to states, territories, and tribes for child welfare-related services to children and their families.</td>
<td>$281 million</td>
</tr>
</tbody>
</table>

**Limitations**

- FC Maintenance, adoption assistance and child care limited to FY05 levels.
- 10% limit on Administration
- Not for medical costs or education costs
Title IV-B, Subpart 1 - Uses

- protect and promote the welfare of all children;
- prevent the neglect, abuse or exploitation of children;
- support at-risk families through services which allow children, where appropriate, to remain with their families or return to their families in a timely manner;
- promote the safety, permanence and well-being of children in foster care and adoptive families; and
- provide training, professional development and support to ensure a well-qualified workforce.
IV-B Subpart 1 Formula Funds
Large States FFY 2012 Allotment

IV B Part 1 - Child Welfare Services

<table>
<thead>
<tr>
<th>State</th>
<th>Allotment</th>
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<tr>
<td>CA</td>
<td>$31,134</td>
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<tr>
<td>FL</td>
<td>$14,943</td>
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<td>IL</td>
<td>$10,733</td>
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<tr>
<td>MI</td>
<td>$9,626</td>
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<td>NY</td>
<td>$13,107</td>
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<td>OH</td>
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<td>PA</td>
<td>$10,466</td>
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<td>TX</td>
<td>$25,572</td>
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</table>

Source: Congressional Research Service
Promoting Safe and Stable Families
Title IV-B, Subpart 2

• Child and Family Services ($328M)
  – Formula grants to states, territories, and tribes for four categories of services: family preservation, family support, time-limited family reunification, and adoption promotion and support.

• Targeted: Improve Caseworker Visits ($20M)

• Targeted: Improve Outcomes of Children Affected by Substance Abuse (Competitive - $20M)

• Court Improvement Program ($32M)

• Research, Training & TA (HHS $8M)
Promoting Safe and Stable Families Program (IV-B, Subpart 2)
Large States – FFY 2012

<table>
<thead>
<tr>
<th>State</th>
<th>Funding</th>
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<td>CA</td>
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<td>MI</td>
<td>$11,644</td>
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<td>NY</td>
<td>$18,346</td>
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<td>PA</td>
<td>$11,101</td>
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<td>TX</td>
<td>$32,938</td>
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Source: Congressional Research Service
Caseload Trends
U.S. Children in Care

Thousands

<table>
<thead>
<tr>
<th>Year</th>
<th>Avg Children for Whom IV-E FC Payments Made (ACF)</th>
<th>Children in Care All Ages (AFCARS)</th>
<th>Children in Care Under Age 18 (AFCARS)</th>
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<tr>
<td>FFY05</td>
<td>511</td>
<td>507</td>
<td>488</td>
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<td>FFY14</td>
<td>422</td>
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CBO Projections
Federal Outlays ($millions)

Source: CBO Baselines of May 2013 and March 2015
State Funds

Some common factors in the amount of State funds used in child welfare

• State’s FMAP
• Penetration rate
• Caseload Composition
• Array of Services
• State decisions to commit funds beyond federal matching or MOE requirements
What is FMAP?

Step 1: State Share

\[ 0.45 \times \left( \frac{\text{State per capita income}}{\text{U.S. per capita income}} \right) \]

Step 2: Federal Share = 1 - State Share

Per capita income based on the most recent three year average that is available at the time FMAP is calculated.

The law sets the minimum FMAP as 50% and the maximum as 83%.
Foster Care Maintenance

IV-E eligible children in IV-E eligible settings:
• Total Maintenance Payments times FMAP = Federal Share
• Total minus Federal Share = State & Local Share

Other children or settings:
• Total Maintenance Payments paid with state, local or other permissible funds
Foster Care Maintenance – 20% Eligible Children, FMAP 50%

$50,000 Total Foster Care payments
- $10,000 (20%) Title IV-E Eligible
- $5,000 (50%) funded by Title IV-E,
- $5,000 by required match
10 cents on every dollar spent

$40,000 not eligible for Title IV-E
Foster Care Maintenance – 20% Eligible Children, FMAP 83%

$50,000 Total Foster Care payments
$10,000 (20%) Title IV-E Eligible
$8,300 (83%) funded by Title IV-E,
$1,700 by required match
16.6 cents on every dollar spent

$40,000 not eligible for Title IV-E
Foster Care Maintenance – 80% Eligible Children, FMAP 50%

$50,000 Total Foster Care payments
$40,000 (80%) Title IV-E Eligible
$20,000 (50%) funded by Title IV-E, $20,000 by required match
40 cents on every dollar spent

$10,000 not eligible for Title IV-E
Foster Care Maintenance – 80% Eligible Children, FMAP 83%

$50,000 Total Foster Care payments
$40,000 (80%) Title IV-E Eligible
$33,200 (83%) funded by Title IV-E,
$6,800 by required match
66.4 cents on every dollar spent

$10,000 not eligible for Title IV-E
Title IV-E Waiver

The Waiver in brief

• The waiver allows federal foster care funds to be used for a *wide variety of child welfare purposes* rather than being restricted to out-of-home care, as is normally the case under title IV-E of the Social Security Act.

• This permits funds to be used for child welfare services including *prevention, diversion from out-of-home placement* through intensive in-home services, *reunification*, when this can be accomplished safely, and to speed *permanency* as well as for foster care.

• The State receives a *defined amount of federal funds* for foster care over a five year period.

• *Adoption assistance* funds continue to be received on a *federal/state matching* basis.

• *Savings* in federal, state or local funds must be used to *further provision of child welfare services*.

• An *independent evaluator* will assess the effectiveness of the demonstration based on program outcomes.
Title IV-E Waiver

Key Advantages

• The demonstration puts funding incentives in line with program goals and good practice. For children who can safely remain in their home with appropriate services or be returned home through appropriate reunification services, this can provide an alternative to children entering or remaining in expensive out-of-home care.

• For children who can not safely remain in the home or return home, the focus should be on moving the children towards permanence through adoption or other appropriate alternative.
A Continuum of Services & Funds
Pre-Waiver

From: Money Follows the Federal Requirements

Prevention
In-Home Services
Other Out-of-Home Care
Relative Caregiver
Services toward Adoption and Other Permanency Options
IV-E Foster Care
IV-E Adoptions

Reunification
Permanency
A Continuum of Services & Funds Waiver

To:
Money follows the Child

Prevention
In-Home Services
Other Out-of-Home Care
Relative Caregiver
Services toward Adoption and Other Permanency Options
IV-E Foster Care
IV-E Adoptions

Reunification
Permanency
Port Gamble S'Klallam Tribe

Map showing the United States with various states highlighted.
Common Strategies

- Many states have identified **expanded use of in-home services** as a strategy.
- Many states have identified **trauma-informed** assessments and care as strategies.
- Several states have identified implementation or expansion of **differential or alternative response** initiatives.
- Several states have identified use of **Family Finding** as a tool.
- A number of states have identified **family/youth engagement and involvement** as strategies.
- Several states focus on **kinship care** (supporting effective placements and moving those placements to permanency).
- Several states are focusing on **reducing reliance on congregate care or residential treatment**.
- Several states are collaborating with their **Medicaid and/or Behavioral Health** systems.
Figure 1. Medicaid Spending for “Foster Care” Children by Selected Categories and Fiscal Years

Data are displayed in constant (inflation-adjusted) FY2010 dollars.
Behavioral Health Utilization for Traditional vs. Promising Services among Children in Medicaid, 2005*

STATEMENT OF VALUES

Children's Behavioral Health Service Types

- Outpatient treatment (primarily individual): 53%
- Psychotropic medication: 44%
- Screening/assessment/evaluation: 41%
- Medication management: 22%
- Wraparound: 1%
- Therapeutic foster care: 1%
- Respite: 0%
- Supported housing: 0%
- Peer services: 0%
- Multisystemic Therapy (MST): 0%
- Telehealth: 0%

Percent of Children Using Behavioral Health Services

## Outcomes and Cost Savings of Children/Youth Enrolled in CMHI-Funded Systems of Care

<table>
<thead>
<tr>
<th>Outcome</th>
<th>Unit of Analysis</th>
<th>Population</th>
<th>Sample Size</th>
<th>6-Month Period Prior to Interview</th>
<th>12 months</th>
<th>Change in Average Cost per Child Served</th>
<th>% Change in Average Cost per Child Served</th>
<th>Estimated Total Decrease for All Children Served</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inpatient Hospitalizations</td>
<td># of days</td>
<td>All children</td>
<td>3,752</td>
<td>1.26</td>
<td>0.73</td>
<td>-0.53</td>
<td>-42%</td>
<td>-$37,144,831</td>
</tr>
<tr>
<td>ER Visits Due to Behavioral</td>
<td># of times</td>
<td>All children**</td>
<td>1,098</td>
<td>0.33</td>
<td>0.14</td>
<td>-0.19</td>
<td>-57%</td>
<td>$14,847,156</td>
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<tr>
<td>and/or Emotional Issues</td>
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<tr>
<td>Juvenile Arrest</td>
<td># of times</td>
<td>Ages 11-21</td>
<td>1,850</td>
<td>0.32</td>
<td>0.20</td>
<td>-0.13</td>
<td>-39%</td>
<td>$10,567,711</td>
</tr>
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</table>

Sources: Agency for Healthcare Research and Quality (AHRQ; 2011, 2013) and National Center on Addiction and Substance Abuse (CASA at Columbia University, 2004)
NJ SOC effect on In-Patient admissions

http://www.state.nj.us/dcf/documents/home/childdata/behavioral/DCBHS10yrReview.pdf
Resources for integrating and improving care in your state

- Financing briefs: http://gucchdtacenter.georgetown.edu/