

# American Humane Association™

The nation's voice for the protection of children & animals™

## **FEDERAL FUNDING FOR CHILD WELFARE SERVICES**

*This document describes the varied sources of federal funding to address child welfare services. Funding for child welfare services (i.e. those services that address child abuse and neglect and the prevention of abuse and neglect, the placement of children into foster care, special needs adoptions, kinship care and services to address the needs of these children and families) is drawn from a number of diverse federal sources. Some of this funding is specifically targeted to child welfare while other funding sources are flexible and not as defined. In all instances, states will vary widely in their use of these federal dollars, both in total amounts spent and the specific funding stream they access. This document provides a brief history, the most recent national funding totals spent and the basics of how funds are drawn down and allocated to states.*

### **Title IV-E, Social Security Act**

#### **Title IV-E Foster Care Maintenance Payments**

As an entitlement, IV-E foster care funding is determined by the level of need and claims filed by states for reimbursement by the federal government. For the federal fiscal year 2011, the Administration projects that Title IV-E foster care maintenance and administrative costs will be at \$4.5 billion. The funding will cover an estimated 168,200 children in foster care which will likely represent less than 40 percent of the children in care in FY 2011<sup>1</sup>. Preliminary estimates for federal fiscal 2008 are that 463,000<sup>2</sup> children were in out-of-home (foster care) for that year. A child's eligibility is based on or "linked" to the Aid to Families with Dependent Children (AFDC) program.

If a child is eligible for federal funding, state spending is matched at the Medicaid matching rate or Federal Medical Assistance Percentage (FMAP) ranging from 50 percent to approximately 80 percent, although under the IV-E program, the match is referred to as the "Federal Financial Participation" or FFP. States are also reimbursed at a fifty percent matching rate for Administrative Costs for an eligible child. Prior to the Fostering Connections to Success and Increasing Adoptions Act of 2008 (*Fostering Connections*, PL 110-351), only children up to age 18 were eligible. After Fostering Connections, states have the option to extend the age of foster care to age 19, 20 or 21, effective October 1, 2010.

Foster care maintenance payments are for 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 it includes the reasonable costs of administration and operation of the institution in providing these same needs. States have a great deal of flexibility in determining and setting their rates given that processes or formulas to determine the rates are not established in current law. However, some state organizations have had some success in challenging rates through the courts. States will also have different rates based on age, the setting a child is placed

in, such as residential setting or foster homes, and specialized care such as therapeutic foster care which includes additional training for foster parents.

The Title IV-E programs were created in 1980 as a result of the Adoption Assistance and Child Welfare Act, PL 96-272. In that year the Carter Administration and Congress separated funding from the AFDC public assistance program. Up to that point states had funded foster care through AFDC. In addition to separating foster care from AFDC, Congress also created a new Adoption Assistance program in an effort to provide funding for children placed into adoptive homes. Congress also attempted to provide some flexibility in funding and support for preventative initiatives by creating a complex formula that would allow states to transfer funds into Title IV-B Child Welfare Services (CWS) if the state was able to stay below a baseline that was tied to the number of children in care. If held below a separate level, states could transfer dollars into Title IV-B Child Welfare Services in an effort to prevent placement in foster care.

While Congress separated foster care funding from AFDC, the eligibility remained tied to AFDC. If a child was removed from a family that was eligible or receiving AFDC, that child's foster care maintenance payments would be eligible for reimbursement by the federal government. When the Temporary Assistance for Needy Families (TANF) block grant was created in 1996 (see TANF below), it resulted in converting AFDC into a fixed block grant. Instead of creating a new and separate eligibility for the Title IV-E programs, states were required to determine eligibility by determining whether or not a child had been removed from a family that would have been eligible for AFDC as it existed in that state on July 16, 1996. This was done because some advocates believed tying foster care funding to the new TANF program would make more children ineligible for support if states reduced their eligibility standards for TANF.

#### *Title IV-E Adoption Assistance Payments*

As an entitlement IV-E Adoption Assistance funding is determined by the level of need and claims filed by states for reimbursement by the federal government. For the federal fiscal year 2011, the projected cost for Title IV-E Adoption Assistance payments and Administrative costs are projected to be \$2.4 billion. An estimated 453,900<sup>3</sup> children will be helped by adoption assistance federal funding. If a child is eligible for federal funding, state spending is matched at the Medicaid matching rate or FMAP. States are also reimbursed at a fifty percent matching rate for Administrative costs for an eligible child. States have the option to extend the age of coverage for special needs adoptions to age 21 under certain conditions.

Adoption assistance payments are designed to assist families that may need additional financial support in the adoption of a special needs child or a child eligible for the Supplemental Security Income (SSI) program. The amount of the payments are determined through an agreement between the adoptive parents and the agency, and states are to take into consideration the circumstances of the adopting parents and the needs of the child being adopted, and may be readjusted periodically, with the concurrence of the adopting parents. The amount of the adoption assistance payment cannot exceed the foster care maintenance payment which would have been paid if the child had been in foster care.

States set the definition of “special needs” children. Children considered special needs could include siblings with a goal of being adopted together, children with physical disabilities or children with other challenges, developmentally, physically or for health purposes. If a special needs child is adopted, the state negotiates an agreement with the family on what assistance payments will be provided.

The creation of Adoption Assistance as part of the new Title IV-E program was seen as a way for the federal government to provide financial support beyond support for the removal of children from their families. Like foster care, eligibility was linked to AFDC financial eligibility. Despite the provision of funding for Adoption Assistance, foster care numbers began to rise in the late 1980s with estimates setting foster care placements at 400,000 at the end of the federal fiscal year in 1990 peaking at 567,000 in 1999<sup>4</sup>. Adoptions, however, were not increasing at the same level. In 1997 Congress passed the Adoption and Safe Families Act (ASFA, PL 105-89). ASFA directed states to limit the amount of time a child could remain in foster care and placed greater emphasis on permanence. In addition to the time limits placed on time in foster care and the emphasis on child safety, ASFA created an incentive fund (see below) for states if they could increase the number of adoptions.

When Congress tied eligibility for foster care funding to AFDC, the same link between AFDC and Adoption Assistance was also created. In 2008, when Congress passed Fostering Connections, it created a gradual delink of Adoption Assistance eligibility from the AFDC. Starting in fiscal year 2010, for children newly adopted from the foster care system who are 16 or older, there will no longer be a link to AFDC eligibility. In 2011, all new special needs adoptions for children 14 or older are eligible for federal support no longer linked to the AFDC standard. The age or delink of eligibility continues to decrease by two years until all special needs adoptions are eligible for federal Adoption Assistance funds in 2018.

#### *Title IV-E Adoption Incentives*

When Congress passed the Adoption and Safe Families Act, as part of a larger legislative effort to encourage and expedite appropriate placement of children from foster care into adoptive families, they created an incentive fund under Title IV-E. If states increased the number of children adopted from foster care over a previous year’s high mark, they were awarded an incentive of \$2000 to \$4000. As congress continued to reauthorize the funding, they re-set the “baseline” or the number of adoptions a state must finalize to receive a share of the funds. Some states had decreased their foster care populations so that they might actually have a higher rate of placements in adoptions but the actual number of children adopted might have declined.

In the last two reauthorizations, with the latest being in 2008 as part of Fostering Connections, Congress provided an increase bonus of \$8000 for the placement of an “older” child. Older children are defined as a child 9 years of age or older. In addition, a \$4000 incentive is provided for an increase in the number of special needs adoptions and \$2000 is provided for an overall increase in adoptions. In the 2008 action, Congress also allowed a \$1000 incentive if a state increased its adoption rate (regardless of actual numbers of placements). In 2010, just under \$35 million was awarded to 38 states. Not all states receive a share of the funding each year but since the creation of the incentive funds, all states have received some share of the funds in at least one year.

The number of children adopted with public child welfare agency involvement increased significantly from 25,700 in FY1995 to 51,100 in FY2000. Since then the number of such adoptions has stabilized at between 50,000 and 53,000 annually until the last two years. In 2008, 55,000<sup>5</sup> children were adopted from foster care.

#### *Title IV-E Kinship Guardianship Assistance Payments*

As a state optional entitlement, states may establish a program to support kinship-guardianship placements. Kinship Guardianship IV-E federal funding totals will be determined by the number of states exercising their option to have a IV-E program, the level of need and claims filed by states for reimbursement by the federal government. For the federal fiscal year 2011, the cost of Title IV-E Kinship-Guardianship Assistance payments are projected to be \$78 million with the administration projecting 14,300<sup>6</sup> families will be eligible for federal funding. If a child is eligible for federal funding state spending is matched at the Medicaid matching rate or FMAP. States are also reimbursed at a fifty percent matching rate for Administrative Costs for an eligible child. States have the option to extend the age of kinship care up to age of 21 under certain conditions.

The amount of assistance provided to a kin caregiver is negotiated and provided through a written, binding kinship guardianship assistance agreement with the prospective relative guardian of a child who meets the requirements. The agreement must include the amount of, and manner in which, each kinship guardianship assistance payment will be provided under the agreement, and the manner in which the payment may be adjusted periodically, in consultation with the relative guardian, based on the circumstances of the relative guardian and the needs of the child. Kinship payments cannot exceed the foster care maintenance payment which would have been paid if the child had been in foster care.

In encouraging a greater emphasis on permanence with the enactment of ASFA, Congress also recognized kinship guardianship placements as one approach in addition to reunification and adoptions. Those changes included little in additional sources of funding. However, the creation of TANF in 1996 did recognize the use of TANF funds in support of relative placements as a legitimate use of TANF funds. “Child-only” families in TANF—those families in which a monthly assistance payment is provided based on the children in the home but not providing a benefit for the adult caregiver parent, relative or guardian—continue to rise. Throughout these increases approximately 30 percent of the child-only caseloads include relative caregivers. In 2005, of the 1.5 million children in TANF child only families, 460,000 were children living with a relative, usually a grandparent<sup>7</sup>. These TANF grants tend to be lower, sometimes significantly lower, than what a state would provide for a foster care placement of a child. These families are unlikely to receive the caseworker support they may have received as part of the formal child welfare system.

In 2008 with the enactment of the Fostering Connections, states were provided the option of extending the use of Title IV-E funding to relative guardians. While the law took effect in late 2008, it is a state option to extend Title IV-E funds in this way. The eligibility will still be tied to AFDC as is the case with foster care placements.

#### Title IV-E Administrative Costs

States are reimbursed at 50 percent match (one state dollar is match by one federal dollars) for administrative costs related to foster care, adoption assistance and kinship care placement costs. Of the total \$7.1 billion projected costs of the IV-E Foster Care, Adoption Assistance and Kinship Care combined, \$3.8<sup>8</sup> billion will be spent on Administrative, information systems, training and demonstration grants costs in FY 2011.

Administration costs cover a range of activities and services including pre-placement services to children and families, case management and case planning including court time, time spent determining eligibility, referral to services, recruitment and licensing of foster homes, adoptive parents and kinship parent, establishing and setting rates, data collection, data input and reporting and standard administrative costs and overhead. States are reimbursed on a formula that attempts to calculate what percentage of a caseworker's caseload is Title IV-E eligible. A Random Moment Time Study (RMTS) samples the amount of work that is spent on IV-E eligible children and is then reimbursed at 50 percent rate. These calculations also apply to private agencies that are contracted to provide services to the state child welfare agency.

In addition to these administrative costs, states can also make claims against their employee training costs and information systems costs. These two additional administrative costs are matched at a higher level.

Training may include the cost of providing training in service or in house, at educational institutions or at seminars and conferences, and personnel preparing for employment in child welfare. These training costs may also include the training of foster, adoptive and kinship parents. Before Fostering Connections passage in 2008, eligible employee training costs were limited to public agency personnel only. Most training costs are reimbursed at 75 percent (one state dollar is match by three federal dollars). The expanded training coverage to kin parent and personnel at private agencies is gradually phased in with the match set at 65 percent in 2011 increasing by 5 percent until it reaches 75 percent in 2013.

States are also eligible for assistance in setting up their information systems. States are required to report data on children in care through the Adoption, Foster Care Analysis Reporting Systems (AFCARS). They can qualify for matching funds at a matching rate of 50 percent for the Statewide Automated Child Welfare Information Systems (SACWIS) if they follow certain federal requirements and standards.

#### Title IV-E John H. Chafee Foster Care Independence Program

Also part of Title IV-E, this program is often referred to as the Independent Living program, targeted to assisting youth who leave foster care due to their age and not as a result of being placed in a permanent home setting. It is a fixed block grant of mandatory funding of \$140 million with states required to provide a 20 percent match in funds. Funds are allocated based on the percentage of the foster care population that resides in a state. The act has been amended several times over the years, including with the enactment of Fostering Connections. One of the more significant additions came in 2001, when a discretionary student voucher program was attached which allowed Congress to appropriate up to \$60 million for education vouchers for youth 16 and older. A maximum of \$5000 is provided to the student for education and training.

In FY 2010 Congress appropriated \$45 million. It has never received the full \$60 million.

The Title IV-E Independent Living program was created in 1986 (PL 99-272) as a mandatory capped entitlement block grant of \$45 million. Funding was targeted to youth 16 or older in an effort to help them transition to age 18 when foster care funding and foster care would end. States were also allowed to use funds for post foster care services. Eventually the law was amended to allow states to use their funds for all youth in foster care not just those eligible for Title IV-E foster care. In 1999 the program underwent some of its most significant changes when it was expanded and re-named after the late Senator John Chafee. The new law opened up the spending to allow states to assist youth previously in foster care up to age 21 with no minimum age restrictions. States were required to have more detailed plans and the definition of eligible services was expanded but states were limited to spending no more than 30 percent of funds on room and board for youth ages 18 through 20. States were also given the option to extend Medicaid coverage up to 21 for youth formerly in foster care but less than half the states have done so. The 2010 Patient Protection and Affordable Care Act (P.L. 111-148) will extend Medicaid coverage up to age 26 for all youth formerly in foster care starting in 2014.

Fostering Connections also made several other changes to the program. A young person leaving foster care after age 16 for either adoption or kinship care may continue to be eligible for Chafee services. The law also makes young people who leave foster care after age 16 for kinship care eligible for the education and training vouchers, which is the same eligibility a young person has if they leave foster care for an adoption.

#### IV-E Tribal Title

One of the most significant changes included in the Fostering Connections Act were amendments that allow Tribal governments or consortia to apply directly to the Department of Health and Human Services (HHS) to run their own Title IV-E programs for Foster Care, Adoption Assistance and Kinship Care. Under the same amendments a Tribe electing such an option may also receive a share of that state or states Chafee funds. In 2010 Tribal plans were still in the planning stages but \$3 million had been appropriated to provide technical assistance. Of this total \$1.5 million was being made available directly to Tribes planning to take the option with a grant limited to \$300,000.

Estimates from more than ten years ago projected that of the 405,000 children residing in Indian Country, there were approximately 6,500<sup>9</sup> children in substitute care. Tribes are not required to apply for the direct funding and some tribal governments have agreements with their state governments. These agreements are also intended to better coordinate services so that children in Indian country are not denied eligible services and supports. There are approximately 13 states with a total of 71<sup>10</sup> agreements between the state government and the Tribe. Under the new provisions of the law, a tribe may join together with other tribes to form consortia and apply to HHS. They must submit a plan outlining how they will meet the requirements that are also made of state governments. As these plans are being implemented, there will be a number of challenges, including how to determine a Tribe's matching rate, the maintenance of effort requirements and how to address some of the data collection requirements and infrastructure needs. Just as in the case of state Foster Care, Adoption Assistance and Kinship Care programs the total amount of federal spending will be determined by the number of children in care and

their eligibility for federal funds. The funding will not necessarily mean that much less will be spent in the state where a Tribe is found. It could increase if more children have access to federal support as a result of a direct Tribal plan. The belief that some Indian children were denied equal access to funds was a driving force behind the law.

## **Title IV-B, Social Security Act**

### **Title IV-B Part 1, Child Welfare Services (CWS)**

Title IV-B of the Social Security Act was first established as part of the original law when it was enacted in 1935. Congress is authorized to appropriate \$325 million annually and in FY 2010 appropriated almost \$292 million. It is provided as a 75 percent federal match. Each state share is based on the state's population under age 21 as compared to other states and the “allotment percentage of the state” (primarily the state's per capita income). Although Congress can appropriate up to \$325 million, they never have and the highest level of funding was reached in 1994 when just under \$295 million was provided.

States must submit a five year “Child Welfare Services Plan” that is developed with the federal government. The Plan requires several assurances and commitments by the state. Funds received may be spent on a wide variety of child welfare related services and are considered very flexible. Annual status reports regarding the Plan are required. States are limited to the amount of Title IV-B, Subpart 1 money they can spend on foster care maintenance payments, adoption assistance payments, and day care necessary for employment, to the total amount of Title IV-B money the state received in FY 1979. At that time, the total national IV-B appropriation was \$141 million. Federally recognized Indian Tribes that submit a five year Child Welfare Service Plan, along with the necessary assurances, are eligible for a portion of the State's allotment based on an enhanced population factor. When Title IV-E was created in 1980, states were provided some ability to transfer funds from Title IV-E funding into CWS. The goal was to provide flexibility in funding to address the need for alternate services and funding outside of foster care funding. A complex formula provided that if Congress fully funded Child Welfare Services and if a state stayed below a certain number of placements funds could be transferred from Title IV-E to Title IV-B. Eventually Congress did away with these changes since few states were transferring funds.

Due to the very broad nature of the block grant there is limited information available on how states spend CWS. A General Accounting Office (GAO) study in 2003 and an HHS survey in 1997 gave some detail on how dollars were spent and which families benefited but annual data is not currently required. The two sources indicated that states spent the funds on child protective services, in home services, some foster care maintenance payments, workforce and staffing costs, foster care parent recruitment as well as some adoption services<sup>11</sup>.

### **Title IV-B part 2, Promoting Safe and Stable Families**

Promoting Safe and Stable Families (PSSF) is a combination of funding streams from different sources and purposes. In FY 2010, PSSF is funded at a total of \$428 million in combined mandatory and annually appropriated (discretionary) funding. The funding has been divided into four broad categories over the last several reauthorizations. Of the total \$428 million: \$368 million is for the core purposes of the program: family preservation, family support, and family

reunification and adoption services. Another \$20 million is designated for competitive court-child welfare programs; \$20 million is designated for competitive grants to address substance abuse; and the last \$20 million is for workforce development. These workforce funds are allocated to all fifty states if the state can provide data that demonstrates children in care are being visited by a worker every month.

PSSF started out as a part of the Omnibus Reconciliation Act of 1993 as a program for family preservation funding and family support. It was created as a mandatory source of funding (it did not require an annual appropriation) with funding at \$60 million in 1994 growing to \$247 million in 1997. As part of ASFA, it was increased to \$305 million in mandatory funding by 2001. With that action Congress also broadened its purpose to include reunification services and adoption services. When it was reauthorized in 2002, the Bush Administration initially proposed increasing funding to \$505 million in mandatory funding but ultimately supported an authorization of \$200 million more. Funding never reached the proposed increase to \$505 million and instead it topped out at \$405 million in 2003. It was again reauthorized in 2006 and the additional funds for substance abuse and workforce were added.

As a general rule, at least 20 percent of the money for the \$368 million base grant must be spent in each of four categories: 1) family preservation, 2) community-based family support services, 3) time limited family reunification services and 4) adoption promotion and support services. A description of how these funds are to be expended must be included in the state's five year Child Welfare Services Plan. There is a 25 percent non-federal match required and a 3 percent set aside for federally recognized Indian Tribes or Organizations. The money awarded to Tribes is based on child population and granted only to tribes that are sufficient in size to generate at least \$10,000 and who submit a five year Child Welfare Services Plan.

#### **Title IV-A, Temporary Assistance for Needy Families (TANF), Social Security Act**

A state entitlement program, TANF is funded at \$16.5 billion with additional funds provided through \$150 million for healthy marriage promotion, and \$319 million in supplemental grants to 17 states. Based on previous surveys of state child welfare spending, states will spend approximately \$2.4 billion<sup>12</sup> on a range of child welfare services from kinship care to other out of home services and prevention and intervention services.

In 1996 President Bill Clinton signed into law the Temporary Assistance for Needy Families (TANF) Act, PL 104-193. AFDC had been an individual entitlement to cash assistance. In addition states could also draw-down emergency assistance (EA) funding to provide other services including some child welfare services. The law creating TANF converted all these federal dollars into a fixed block grant entitlement to the states set at \$16.5 billion a year. States are required to spend over \$12 billion a year in Maintenance-of-Effort (MOE) funds to qualify for their share of the \$16.5 billion. The state MOE must be spent each year but any unspent federal TANF can be carried over by a state.

In addition to the many changes the law made to eligibility requirements for individuals and states, including time-limits on assistance and work requirements and work targets for both individuals and states, it also created great flexibility in how states spend their federal funds. Some categories of TANF spending are clear, such as in the categories of cash assistance, child

care and transportation but other categories of TANF spending by states are not as clear. Surveys of states by the Urban Institute and later by Child Trends do provide some information on how states spend TANF funds on child welfare services. TANF represents a significant source of federal funding, representing approximately 19 percent of all federal funds spent on child welfare;<sup>13</sup> ranking second only to Title IV-E funding with the \$2.4 billion spent on child welfare services.

A second significant change to TANF as it relates to child welfare were the changes made to the Social Services Block Grant (SSBG). SSBG is also a significant source of child welfare spending (see below). Prior to the enactment of TANF, SSBG had been funded at \$2.8 billion. As a result of TANF, SSBG was reduced to \$2.3 billion a year until it was due for restoration in 2003. The 1996 TANF provisions also allowed states to move up to 10 percent of their TANF grant into SSBG where those transferred funds could then be spent more broadly on families at less than 200 percent of the federal poverty level. Both the SSBG funding levels and the transfer authority were reduced by a transportation reauthorization in 1998.

### **Title XX, The Social Services Block Grant (SSBG), Social Security Act**

The Social Services Block Grant (SSBG) is a federal block grant that is considered an entitlement to the states. It was funded at \$1.7 billion in federal fiscal year 2011. SSBG is generally the biggest federal source of funds of Child Protective Services (CPS), with approximately 41 states allocating approximately \$250 million in funds each year on what are described CPS services<sup>14</sup>. Almost all of the states will spend some portion of SSBG on protective services, foster care services, adoption services, services for displaced youth and other child welfare related services each year, although it can vary from year to year<sup>15</sup>. Overall SSBG funding for a range of child welfare related programs totals more than from a high of \$810 million in 2000 to a low of \$660 million in 2004. It should be noted however, that a significant portion of these SSBG dollars are TANF funds states have transferred into SSBG. According to a 2006 survey, states spent \$1.6 billion through SSBG on child welfare services. This represents 12 percent of total federal funds spent on child welfare.<sup>16</sup>

SSBG funds can be spent on more than 29 categories of services that range from elderly services such as home delivered meals, to children's services such as child protection or child care to disability services such as transportation or home chore services. States determine eligibility standards and can move dollars from year to year between their most pressing needs.

The current block grant started out as an entitlement with the 1956 amendments to the Social Security Act (PL 84-880) that created federal funding for the cost of services provided to families on public assistance who were receiving what was then called Aide to Dependent Children (ADC).

In the 1960s further changes expanded the target families and services. As a few states learned how to leverage funding, the spending levels began to dramatically increase. Reacting to these trends and projections, Congress and the Nixon Administration in 1972 (PL 92-512) placed new restrictions on social services spending requiring that most of the dollars be spent only on those who were receiving cash assistance. They did allow for a few exceptions such as spending on

child care, family planning, drug treatment and foster care. Caps were also placed on overall spending despite being an entitlement.

In 1981 President Ronald Reagan signed into law a new Title XX with the enactment of the Omnibus Budget Reconciliation Act, PL 97-35. All matching fund requirements on states were eliminated and most requirements such as planning, requirements to spend dollars on specific categories and eligibility standards were eliminated. In return for the new state flexibility, Title XX funding was reduced from what the Congressional Budget Office had projected to be a fiscal year 1981 total of \$3.099 billion, to a capped total of \$2.4 billion. Title XX then became the “Social Services Block Grant” now referred to as “SSBG”. Funding for SSBG fluctuated from \$2.4 billion in 1982 to a high of \$2.8 billion in 1996. As part of the creation of TANF in 1996, it was reduced to \$2.3 billion with the intent to restore it to \$2.8 billion after five years. The 1998 transportation reauthorization act (PL 105-178) instead permanently reduced it to \$1.7 billion.

### **Title IXX, Medicaid, Social Security Act**

Medicaid is considered the nation’s health insurance program for the poor. Created in 1965 along with Medicare, it is an open-ended entitlement program that provides medical services to Medicaid eligible poor adults and children under certain conditions. In 2010 Medicaid is expected to spend approximately \$280 billion in federal funds, although this figure will be affected by the economy and some temporary increases in funding due to the recession. The FMAP, which is established at the beginning of each federal fiscal year, is based primarily on the state's per capita income and ranges between 50 percent and 83 percent. States that are considered to be better off economically may receive a dollar for dollar match in federal funds (50 percent match) while the poorest states may receive as much as \$4 in federal funds for each dollar they spend (80 percent match). The formula is not without its critics.

Surveys on child welfare spending have consistently shown that Medicaid contributes approximately 13 percent of total child welfare spending, which amounted to \$1.4 billion in 2006<sup>17</sup>. Medicaid spending on child welfare is not basic health care - it is services such as Targeted Case Management (TCM), rehabilitative services and health related transportation services.

Until the passage of the 2010 Patient Protection and Affordable Care Act, each state had greater flexibility to limit coverage. Some of these limitations will be eliminated when the full health plan is implemented in 2014, including a new requirement that all youth leaving foster care due to age will continue to be eligible for continued coverage to the age of 26. In addition, some of the new requirements to extend Medicaid coverage and increase reimbursements to medical providers will be covered by the federal government without match—at least for a period of time.

States vary greatly in which services they select under the optional category. Title IV-E eligible foster care and all special needs adoption children have categorical eligibility for Medicaid, meaning a state must cover them. In addition, states usually cover non Title IV-E eligible foster children and children from low income families under the “medically needy option.” In those states, almost all foster children are Medicaid eligible.

Mandated Medicaid services include hospital, pharmaceutical services, nursing home and clinic services. In addition there are a variety of 11 “optional services” that states may choose from to include in their Medicaid program. Medicaid eligible children may receive these services when prescribed by a “practitioner of the healing arts.” Usually this is a physician or a clinical psychologist, but in some states may also include a social worker or other specified professional.

Early, Periodic, Screening, Diagnosis and Treatment (EPSDT) services must be included in every state plan. If the screening team prescribes a Medicaid reimbursable service that is not included in the state's Medicaid plan, the prescribed service is still eligible for federal Medicaid reimbursement for that particular Medicaid eligible client.

Two critical optional services that some state child welfare agencies use are TCM and rehabilitation services. TCM allows the state to provide case management to a “targeted” group such as child welfare, foster care, adoption or mental health. The state Medicaid plan must address: “target group, areas of the state in which services will be provided, comparability of services, definition of services, qualifications of providers, free choice of providers and assurance that payment for case management services under the plan does not duplicate payments made to public agencies or private entities under other program authorities for this same purpose.”

The federal definition of rehabilitation service includes any medical or remedial services recommended by a physician or other licensed practitioner of the healing arts within the scope of his practice under the state law, for maximum reduction for physical or mental disability or restoration of a recipient to his best possible functional level. This very broad definition provides many opportunities for children served in the public and private child welfare system. Examples of Medicaid reimbursable rehabilitation services that relate to child welfare currently being funded in one or more states include: residential treatment centers, therapeutic family foster care and intensive in-home services. The use of these two services have been limited in some states by CMS and efforts have been on-going before, during and after the health care debate to clarify and strengthen the use of these services as they apply to child welfare families and children.

### **The Child Abuse Prevention and Treatment Act**

The Child Abuse Prevention and Treatment Act (CAPTA), first authorized in 1974 (P.L. 93-247) is the only federal legislation exclusively dedicated to the prevention, assessment, identification, and treatment of child abuse and neglect—the continuum of child maltreatment services and supports. In 2010 CAPTA state grants were funded at \$26.5 million, CAPTA Community-Based Grants were funded at \$41.6 million and CAPTA Discretionary Grants were funded at \$29 million. In total, less than 2 percent of federal child welfare funding comes from CAPTA. The state grants are to help states improve their CPS systems and develop innovative approaches. To qualify for these grants, states must meet eligibility requirements, such as having a child protection system in place, have laws to preserve victim confidentiality, appointing guardians Ad Litem, and establishing citizen review panels. CAPTA discretionary funds support state efforts to improve their practices in preventing and treating child abuse and neglect. Funds support program development, research, training, technical assistance, and the collection and dissemination of data to advance the prevention and treatment of child abuse and neglect. These

funds also support the National Child Abuse and Neglect Data System, the only federal data collection effort to determine the scope of child abuse and neglect and national initiatives, such as the National Office of Child Abuse and Neglect, the National Resource Center on Child Maltreatment, and the National Clearinghouse on Child Abuse and Neglect. The Community-Based Family Resource and Support grant program was created in 1996 by combining two other programs. The program provides grants to states to support their efforts to develop, operate, and expand a network of community-based, prevention-focused family resource and support programs that coordinate resources among a range of existing public and private organizations. Funding is allocated to states by a formula based on the number of children in a state's population.

### Adoption Opportunities

The Adoption Opportunities program was established in 1978 (P.L. 95-266) and was most recently reauthorized in 2003 (P.L.108-36, with CAPTA). Traditionally, it is always reauthorized along with CAPTA. In 2010 Adoption Opportunities was funded at \$26 million.

Funding provided for Adoption Opportunities is administered by HHS and is distributed through competitive grants and contracts. Among other things, the grants support a national adoption information clearinghouse. One of its main purposes when first enacted was to increase recruitment of minority parents in adoption placements and to provide adoption support services.

### **OTHER SPENDING**

While most sources of funding for child welfare are found in the Social Security Act, there are several other sources of funding. These include small programs such as Child Welfare Research and Training (\$27 million in 2010); Family Connection Grants: Kinship Navigator, Family Group Decision Making, Family Finding and Substance Abuse Treatment (\$15 million in 2010); Adoption Awareness (\$13 million in 2010); Family Unification Program (\$15 million in 2010); and other programs not necessarily targeted to children in the child welfare system such as Runaway and Homeless Youth, various mentoring programs, the Supplemental Security Income (SSI) program and the Juvenile Justice and Delinquency Prevention Act. In surveys of state child welfare spending, CAPTA plus a number of these other programs amount to less than 4 percent of federal child welfare spending.

## Footnotes

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- <sup>1</sup> Department of Health and Human Services. (2010). *Budget in Brief, (page 82). Washington DC*
- <sup>2</sup> U.S. Department of Health and Human Services, Administration on Children, Youth, and Families. (2010). *The AFCARS Report 2008*. Retrieved July 15, 2010, from [http://www.acf.hhs.gov/programs/cb/stats\\_research/afcars/tar/report16.htm](http://www.acf.hhs.gov/programs/cb/stats_research/afcars/tar/report16.htm).
- <sup>3</sup> Department of Health and Human Services. (2010). *Budget in Brief, (page 83). Washington DC*
- <sup>4</sup> Ways and Means Committee, U.S. House of Representatives. (2004). *The 2004 Green Book, Table 11-87 Section 11-Child Protection, Foster Care, and Adoption Assistance*. U.S. Government Printing Office, Washington DC.
- <sup>5</sup> U.S. Department of Health and Human Services, Administration on Children, Youth, and Families. (2010). *The AFCARS Report 2008*. Retrieved July 15, 2010, from [http://www.acf.hhs.gov/programs/cb/stats\\_research/afcars/tar/report16.htm](http://www.acf.hhs.gov/programs/cb/stats_research/afcars/tar/report16.htm).
- <sup>6</sup> Department of Health and Human Services. (2010). *Budget in Brief, (page 82). Washington DC*
- <sup>7</sup> Department of Health and Human Services. (2009). *Temporary Assistance for Needy Families (TANF), Eighth Annual Report to Congress*. Retrieved online from [http://www.acf.hhs.gov/programs/ofa/data-reports/annualreport8/Append\\_index.htm#chap1](http://www.acf.hhs.gov/programs/ofa/data-reports/annualreport8/Append_index.htm#chap1).
- <sup>8</sup> Department of Health and Human Services. (2010). *Budget in Brief, (page 82). Washington DC*
- <sup>9</sup> Brown, E., Scheuler, L., Clifford, C., Limb, G., Munoz, R. (2000). *Tribal/State title IV-E Intergovernmental Agreements: Facilitating Tribal Access to Federal Resources*. Casey Family Programs, National Indian Child Welfare Association. Seattle Washington.
- <sup>10</sup> Ibid.
- <sup>11</sup> Ways and Means Committee, U.S. House of Representatives. (2004). *The 2004 Green Book, Table 11-87, Section 11-Child Protection, Foster Care, and Adoption Assistance*. U.S. Government Printing Office, Washington DC.
- <sup>12</sup> DeVooght, K., Allen, T., and Geen, R. (2008). *Federal, state, and local spending to address child abuse in SFY 2006*. Retrieved November 24, 2009, from [www.childtrends.org/Files/Child\\_Trends-2009\\_02\\_17\\_FR\\_CWFinancePaper.pdf](http://www.childtrends.org/Files/Child_Trends-2009_02_17_FR_CWFinancePaper.pdf). Washington, DC: Child Trends.
- <sup>13</sup> Ibid.
- <sup>14</sup> Child Welfare League of America. (2008) *Legislative Agenda, the Social Services Block Grant (SSBG)*. Retrieved from <http://cwla.org/advocacy/2008legagenda11.htm>.
- <sup>15</sup> Child Welfare League of America. (2008--2001) *Legislative Agendas, the Social Services Block Grant (SSBG)*. Retrieved from <http://cwla.org/advocacy/2010legagenda.htm>.
- <sup>16</sup> DeVooght, K., Allen, T., and Geen, R. (2008). *Federal, state, and local spending to address child abuse in SFY 2006*. Retrieved November 24, 2009, from [www.childtrends.org/Files/Child\\_Trends-2009\\_02\\_17\\_FR\\_CWFinancePaper.pdf](http://www.childtrends.org/Files/Child_Trends-2009_02_17_FR_CWFinancePaper.pdf). Washington, DC: Child Trends.
- <sup>17</sup> DeVooght, K., Allen, T., and Geen, R. (2008). *Federal, state, and local spending to address child abuse in SFY 2006*. Retrieved November 24, 2009, from [www.childtrends.org/Files/Child\\_Trends-2009\\_02\\_17\\_FR\\_CWFinancePaper.pdf](http://www.childtrends.org/Files/Child_Trends-2009_02_17_FR_CWFinancePaper.pdf). Washington, DC: Child Trends.