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Ensuring Safe, Nurturing and Permanent Families for Children:  
**The Need for Federal Finance Reform**

FIRST IN A SERIES OF REPORTS ON IMPROVING CHILD WELFARE



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served at home  
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in foster care.

**On any given day**, nearly a half million children are in foster care in the United States. For some children—those who suffer from abuse or neglect—a foster home provides a critical safe haven. However, foster care should be a temporary solution. Ultimately, all children should enjoy the security and comfort of a safe, nurturing and permanent family. Now is the time for comprehensive federal finance reform that supports vulnerable children in achieving this goal.

Founded in 1966, Casey Family Programs is a national operating foundation pursuing a mission to provide and improve—and ultimately prevent the need for—foster care in the United States. We recognize that ensuring safe, nurturing and permanent families for all children requires the efforts of a broad network of public and private partnerships and organizations; a widespread understanding of the importance that family connections have on a child’s future; and the commitment of parents, extended family and caring adults to provide the love, support, and early learning and other developmental opportunities that every child needs.

We believe the goals of child welfare should be both to keep children safe and free from abuse or neglect, and to support strong children and families. Over the years, we have learned that many vulnerable children can be safely kept at home by providing their parents and extended family with the culturally appropriate community services they need. Children who can be protected and served at home should not be in foster care.

In cases when foster care is necessary, we believe it is critical to work towards safe reunification as quickly as possible. A child’s stay in foster care should be temporary and, ideally, in a family-like setting that meets the child’s needs while away from home. If children are unable to be reunified with their families, every child should have a safe, nurturing and permanent family as quickly as possible. Legal permanence can be achieved through guardianship or adoption with a child’s extended family, foster family or other caring adults. When possible, a subsidy to help with the cost of raising a child should be available for guardians and adoptive parents so that a family’s financial situation is not a barrier to their ability to permanently care for a child.

One way to accomplish the dual goals of safety and permanency is to change the way our nation pays for child welfare services. Existing federal policy has long supported these goals in principle. However, the major federal funding source for foster care, Title IV-E, primarily pays for maintaining eligible children in licensed foster care, rather than providing services for families before and after contact with the child welfare system. The fact that no IV-E funding can be used for prevention or post-reunification services has created a significant challenge to achieving better safety and permanency outcomes for children.

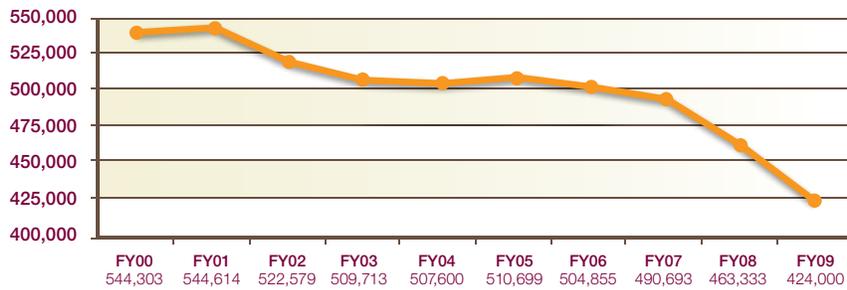
Federal funding should be available for a broader array of services that address the root causes of child abuse and neglect, as well as services that strengthen families and expedite permanency. These services should be available to a broader population of vulnerable families, including families whose children are at risk for child abuse or neglect or for foster care placement, or who were previously placed in foster care.

Comprehensive federal finance reform means giving child welfare jurisdictions the ability to invest existing federal funds in different ways to address the unique needs of their communities. It does not necessarily require additional spending. Casey Family Programs believes that change is needed to create a federal child welfare financing structure that better supports safety and permanency outcomes for children.

## Progress and Challenges in Helping Children

Across the nation, many state, county and tribal child welfare agencies and their partners share Casey Family Programs' vision and are striving to improve safety and permanency outcomes for the children in their care.

Total Number of Children in **Foster Care**



These initiatives are producing tangible results. Between 2002 and 2009, the number of children in foster care was safely reduced by about 19 percent, or almost 99,000 children. This decline reflects the combined efforts of many jurisdictions—such as Florida, Georgia, Hawaii and Los Angeles County—to improve services for vulnerable children and their families:

- Florida reduced the number of children in foster care about 32 percent between 2006 and 2009.
- Georgia reduced the number of children in foster care about 42 percent between 2004 and 2009.
- Hawaii reduced the number of children in foster care about 45 percent between 2004 and 2008.
- Los Angeles County reduced the number of children in foster care about 50 percent between 2000 and 2008.

Child welfare jurisdictions are pursuing goals already aligned with federal child welfare policy, which has a long history of promoting reasonable efforts to maintain children in their own homes as well as timely permanence for children. In fact, the

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federal government mandates periodic reviews of state child welfare agencies, known as Child and Family Services Reviews (CFSRs), in order to assess their compliance with federal policy requirements and their achievement of safety, permanency and well-being outcomes.

The challenge, however, is that the current federal child welfare funding structure does not align with efforts to support safety and permanency for vulnerable children. Comprehensive finance reform is needed to provide states with the flexibility to use federal dollars more effectively.

## Doing Right by Vulnerable Children

Casey Family Programs believes that we can—and must—support strong and permanent families without compromising child safety.

It is important to note that the rate of maltreatment recurrence—the federal measure of child safety—is not higher in jurisdictions where the foster care population has decreased. In Georgia, Hawaii and Los Angeles County, the rate of maltreatment recurrence has declined even while the number of children in foster care has been significantly reduced. In Florida, during the timeframe that entries decreased, maltreatment recurrence also declined significantly and is currently consistent with the national average.

Research indicates that children do best when they are in safe, nurturing and permanent families. We know that children who are exposed to stressful environments over prolonged periods of time suffer long-term effects. We need to better protect these children by intervening early rather than waiting until abuse or neglect has occurred. Now, most of the children who come into contact with the child welfare system are at risk of—or have already experienced—abuse or neglect. But research and experience tell us that many of these children can be maintained safely in their homes if effective and timely services are available. Removing a child from the home is often a highly traumatic experience that can have long-term consequences on the child's development. We must work to ensure that no child is removed from his or her family unnecessarily.

When it is clearly unsafe for a child to remain in his or her home, foster care provides a temporary safe haven. However, for too many children, foster care becomes long-term and unstable. Research demonstrates that children who have been in foster care for lengthy periods of time do not fare as well as their peers, especially in the areas of education, employment, mental health and teen pregnancy. Factors such as the number of changes in foster families, changes in schools and separation from siblings often harm a child's behavioral and social functioning. Federal finance reform is needed so that federal dollars can be used more flexibly to keep children at home when possible; improve the quality of the foster care system for those children who must be in foster care; and expedite and support permanency so that children exit foster care to permanent legal homes more quickly and with post-placement support, as needed.

We must work to promote strong and healthy families by making a broader array of services available to vulnerable children and parents before serious risk has developed or harm has occurred.

## The Path to Providing a Broader Service Array for a Broader Population

Research and experience indicate that promising practices and innovative strategies exist to improve safety and permanency, but they must be available as a comprehensive range and continuum of services to effectively address the complex needs of families. It is important that federal funding support positive outcomes by allowing child welfare jurisdictions to invest in keeping children safe at home, decreasing children's time in foster care, and ensuring that all children leave foster care for safe, nurturing and permanent families.

The population receiving services needs to be expanded. In making entry into foster care the trigger for federal reimbursement through the IV-E program, the current funding structure fails to align desired outcomes with funding. Federal financing should be restructured to support the outcomes desired — improved safety, prevention and early intervention with families in which child safety is compromised and children are at risk of entry into care.

Casey Family Programs recommends the limited use of foster care when necessary — for only as long as it takes for reunification to occur safely or to find children another legally permanent home. This would create a system that supports the desired outcomes without “breaking the bank.” Based on the Medicare model that reimburses the state for “medically necessary services,” federal funds would be triggered upon a finding that “services are needed,” regardless of any findings or determinations about maltreatment. This type of trigger would provide services to children when child safety is compromised, when children are at risk of future abuse and neglect, and when they are most at risk of entry into foster care.

A finding of maltreatment is often not a predictor of future risk. There are effective safety and risk assessment tools that can be used to more accurately determine a child's safety and risk of ongoing abuse and neglect. State plan requirements should be amended to require that states describe how such tools will be used to determine whether a family is in need of services to address the child's current safety and risk of ongoing abuse and neglect. All children who currently receive state or federally funded child welfare services, including families that currently receive services through the practice of “alternative response,” would be covered under this new approach.

### KEEPING CHILDREN SAFE AT HOME

In 2009, 255,418 children entered the foster care system. By focusing on better outcomes for children, this number can be significantly decreased without compromising safety. We must work to promote strong and healthy families by making a broader array of services available to vulnerable children and parents before serious risk has developed or harm has occurred. When abuse or neglect is suspected, practices that support children and families should be used, including seeking support from extended family members and from the community. In situations where abuse or neglect has occurred but the level of risk to the child is low, improved safety planning and services should be available to help support the family and keep

the child safely at home. Adequately assessing the child's safety and risk level, appropriately assessing the family's needs and strengths and working with the family in a collaborative manner are strategies that have proven effective in determining when foster care is necessary or when a child can remain safely at home, thereby preventing unnecessary placements. Timely access to services that help meet a family's immediate, basic needs have also proven effective in keeping children safe at home when appropriate.

Unfortunately, many children enter foster care due to needs not directly related to child abuse and neglect, such as incarceration of a parent. In some jurisdictions, as many as one-third of foster care placements last brief periods of time, sometimes only a few months or even weeks. This raises the question of whether the child needed to be placed in foster care at all. Even if the placement is brief, the trauma of the experience can never be undone. Child welfare agencies can often find safe ways of addressing these types of placements by developing safety plans with parents, and by including relatives and community resources to support the family. Further, some children are voluntarily placed into care when the child's behavioral, developmental or mental health needs can no longer be met by the child's parents, often due to the lack of appropriate health and mental health coverage. Studies have consistently found that many placements can be prevented by making a broader array of effective and timely services available to families earlier.

### DECREASING CHILDREN'S TIME IN FOSTER CARE

About one-quarter of the 424,000 children currently in foster care have been there for more than three years. Federal policy makes it clear that this is unacceptable. The more time a child spends in foster care, the more likely the child is to change foster homes multiple times, especially if the child has behavioral challenges. When children frequently change foster homes, they often have to change schools as well, which affects their educational stability and achievement. Further, children with behavioral challenges and multiple placements are also more likely to be placed in group homes or other institutional settings, even when they might be better served in family-like settings. All of these are factors that can negatively impact long-term outcomes for children in foster care.

Research and experience indicate that some services, such as parent mentors and recovery coaches, family treatment drug courts and focused permanency initiatives, have succeeded in reducing the time a child stays in foster care. Strategies such as finding extended family members and including them in planning for a child's immediate and longer-term care can also help decrease the time a child spends in foster care.

### ENSURING THAT ALL CHILDREN LEAVE FOSTER CARE FOR SAFE, NURTURING, PERMANENT FAMILIES

In 2009, about 30,000 youth aged out of the foster care system without a permanent family and often without any dependable family connections. The child welfare system has failed these youth.

A broader array of services should be available to support the development of timely and relevant plans that address child safety and the family's needs and resources, including the child's behavioral and developmental needs. Research studies indicate that reunification could be expedited by meeting concrete needs, such as housing. Services should remain in place after reunification has occurred, in order to prevent recurrent maltreatment and to allow families to demonstrate stability over time. If children cannot stay at home or return home, they should have safe, nurturing and legally permanent families through adoption or guardianship. Services should be available to both children and their caregivers to stabilize these families and support continued permanence.

## Removing the Funding Roadblocks to Better Serving Children

Historically, federal child welfare policy has required jurisdictions to provide reasonable or active efforts to support and reunify families through the Adoption Assistance and Child Welfare Act of 1980 and the Indian Child Welfare Act of 1978. These policies were reinforced through the Adoption and Safe Families Act of 1997 (ASFA). ASFA also added an obligation to provide reasonable efforts to promote permanency for children in foster care and established a timeline for these children to achieve legal permanence.

The disconnect lies with how we fund child welfare in the U.S. In 2006, Title IV-E funds provided states with over \$6 billion: 48 percent of all federal funding for child welfare. Since IV-E funding was established in 1980, few modifications have been made to align this primary federal funding stream with changes in federal child welfare policy.

There have been some noteworthy legislative changes to IV-E funding. One took place in 1994, when the Secretary of Health and Human Services (HHS) was authorized to approve IV-E waivers. These waivers have given a handful of states the flexibility to use federal funds to test promising alternative practices. Although the HHS Secretary can extend existing waivers, new waivers cannot be authorized without congressional action. A second change is the Fostering Connections to Success and Increasing Adoptions Act of 2008, which includes expanded federal support for relative guardianships and adoptions.

While these legislative changes are important, they fall short of fully addressing the limitations of IV-E. Even while approving Fostering Connections, policymakers acknowledged that comprehensive child welfare finance reform was left undone. For example, IV-E funding is not provided for services that support children or their parents before placement into foster care or after children leave foster care through reunification. When children leave foster care through guardianship or adoption, IV-E can be used to provide a financial subsidy to the caregiver but IV-E cannot be used to provide post-permanency services that can help stabilize the family by supporting the needs of the child and family. These are services that we know can make a difference for a child's safety and permanency.

We must make it easier for child welfare agencies to invest federal money in programs that support safety and timely permanency for children.

Funding should cover not just foster care, but also a minimum service package for families identified as needing services. A front-end service package could be open-ended but limited to a set of core services that address the needs of children with compromised safety and those who are at risk of entering the child welfare system. For example, the package could include the following: follow-up investigation; in-home services; case management; post-permanency supports; and other services that are not funded through existing funding streams. Current services allowed under the IV-E program, including foster care, would be included in the open-ended minimum service package. We recommend, however, that the federal contribution diminish over time for less desirable outcomes.

Expanding federal funding to up-front services supports the federal government's goal to keep children safe and in permanent families. It would for the first time align the desired outcomes of safety, permanency and well-being with financing. Although it represents a major shift in policy, it can be structured in a way that controls for a growth in costs to the federal government.

A further challenge of IV-E is that it currently supports less than 60 percent of the children in foster care. Title IV-E funds can only be used for children whose families would have been eligible in 1996 for Aid to Families with Dependent Children (AFDC), a welfare program that no longer exists, without adjustments for cost-of-living increases. This means that the number of children who qualify under this antiquated poverty standard is declining and fewer children in foster care are receiving federal resources to support their safety and permanency outcomes. Nationally, IV-E supported only 57 percent of children in 2006, compared to 68 percent in 2000.

In addition, when child welfare agencies keep IV-E eligible children safely at home or move them out of foster care into legally permanent families, they can lose the federal funds they had received for these children. This funding structure creates a financial disincentive to improve outcomes—in effect, punishing jurisdictions financially for doing the right thing for children.

Child welfare agencies that have flexible IV-E waivers do not face this disincentive. Florida and Los Angeles County are examples of two jurisdictions that have been able to reinvest federal IV-E foster care savings to improve their child welfare systems. Both jurisdictions have used their waivers to allocate funding in ways that they determine are best for the children and families in their communities, including funding for prevention and early intervention programs. While IV-E waivers alone do not address the fundamental need for comprehensive federal finance reform, they are a powerful mechanism for aligning federal dollars with the desired outcomes of safety and permanency. These waivers are proven examples of the impact that reform can have towards improving child welfare outcomes without necessarily increasing the federal IV-E cost.

## The Path Forward

Progress is happening now. Thanks to the leadership and vision of child welfare agencies around the country, we are seeing the outcomes that can be achieved by focusing resources on what is best for children and their families. To continue to build on these promising results, we must make it easier for child welfare agencies to invest federal money in programs that support safety and timely permanency for children.

Communities that succeed in improving child welfare outcomes face the prospect of losing federal funding that could be used to help make things better for children. The progress made on behalf of children and families in the communities that are granted IV-E waivers is a promising glimpse of what is possible when existing resources are committed effectively. While we work towards comprehensive federal finance reform, Congress needs to take immediate legislative action to allow the Secretary of HHS to approve new waivers for states interested in using federal child welfare funding to improve their services to vulnerable children and families.

Ultimately what is needed is comprehensive federal finance reform that allows child welfare agencies to use federal funding flexibly to support innovative programs that better serve vulnerable children and strengthen families. This approach relies primarily on the ability to use existing resources more flexibly and effectively, not on additional federal funding.

The House Ways and Means Subcommittee on Income Security and Family Support held a hearing to evaluate the use of Title IV-E child welfare waivers on July 29, 2010. Under Treasury Regulations Section 53.4945-2(d)(2), Casey Family Programs provided technical advice and assistance and provided materials to the subcommittee in response to the subcommittee's request. Casey Family Programs President and CEO William C. Bell was one of five child welfare experts requested by the subcommittee to testify and provide technical advice and assistance. At the subcommittee's request, Casey Family Programs provided additional written materials and recommendations on comprehensive child welfare finance reform to the subcommittee's 14 members and staff director on August 30, 2010.

Casey Family Programs believes that now is the time for comprehensive child welfare federal finance reform. We urge policymakers to work without delay toward creating a child welfare funding structure that provides funding that is aligned with federal policy and our shared goal of providing safe, nurturing and permanent families for all children.

We cannot miss this opportunity to make a difference in the lives of so many children and families.





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