

When Child Welfare Works: A Proposal to Finance Best Practices

Discussions from the Field

THE ANNIE E. CASEY FOUNDATION



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Contents

Introduction	3
Key Themes	5
General Summary	7
Detailed Summary	11
Appendix	32

WHEN CHILD WELFARE WORKS: A PROPOSAL TO FINANCE BEST PRACTICES DISCUSSIONS FROM THE FIELD

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About this paper

On Oct. 23, 2013, the Annie E. Casey Foundation and the Jim Casey Youth Opportunities Initiative held a policy briefing in Washington, D.C., to introduce a set of specific and actionable policy recommendations to align federal child welfare financing with best practices to promote better outcomes for children and families. These recommendations are summarized in a working paper, *When Child Welfare Works: A Proposal to Finance Best Practices*.

The October policy briefing was the first in a series of public meetings intended to spark a national dialogue about the urgency of taking action to address systemic problems that perpetuate inefficiencies in child welfare systems and deny children and families better opportunities to succeed. More than 150 stakeholders who represent a diversity of interests in the child welfare arena attended the briefing. Participants included congressional staff, federal administration officials, state and local child welfare directors, representatives of provider organizations, social workers and other youth-serving professionals, advocates for children and families, researchers, philanthropic leaders, foster and adoptive parents, and young people who have experienced foster care. A video of the briefing and other materials are available online at <http://www.aecf.org/>.

After the October briefing, representatives from the Annie E. Casey Foundation and the Jim Casey Youth Opportunities Initiative reached out to many stakeholder organizations and more than 30 congressional offices to further engage in conversations about the policy recommendations. These discussions ranged from personal meetings, to presentations at conferences, to meetings with organizations' leadership boards or membership, to written correspondence.

In addition, the foundations hosted a second policy briefing on Capitol Hill on Dec. 4, 2013, to delve deeper into the substance of the policy recommendations through an interactive discussion with federal policymakers and interested stakeholders. More than 60 stakeholders from national and state-based child welfare organizations attended this briefing.

We are deeply thankful to everyone who has taken time to review, discuss and provide detailed feedback. Overall, many organizations and individuals have expressed positive feedback about the recommendations, while others have raised important questions or shared concerns. In addition, we

have received numerous suggestions for specific changes and additions to the recommendations. These ideas have helped us to refine and strengthen our thinking.

In the spirit of continuing a public dialogue about how to better align federal child welfare financing with best practice, this document presents the collective feedback on the recommendations so policymakers and other stakeholders can benefit from the many thoughtful questions, comments and suggestions. We then, to the best of our ability, respond with our answers, perspectives or follow-up questions.

This is complex work, and while we may be most worried about particular challenges and potential unintended consequences, other stakeholders are more concerned about other issues and consequences. This is to be expected and is part of any robust national dialogue. We look forward to ongoing discussions about how to better target federal child welfare funds and will continue to use formats such as this paper to share stakeholder feedback and our evolving perspective to help advance comprehensive child welfare financing reform

We have organized the feedback into three sections:

- 1) Key themes
- 2) General summary of feedback
- 3) Detailed summary of feedback



While feedback on our recommendations came from stakeholders with distinct perspectives and widely divergent opinions, several common themes emerged:

- **The need for a specific set of recommendations for improving outcomes through financing reform to move debate and discussion forward.** Whether stakeholders agree or disagree with the overall proposal or specific recommendations, there is consensus that having a set of ideas to debate has been helpful in moving the discussion forward. Judging from the feedback we received, there is no doubt that leaders in the field have a host of innovative ideas for better aligning federal funds with improved outcomes for children and families. We encourage leaders in the field to introduce alternative proposals or approaches for federal child welfare reform with specific details that can be discussed and debated.
- **Support for the proposal's outcome-focused framework, including its central focus on improving permanency and well-being through support of family-based foster care.** Federal legislative efforts and child welfare innovations have sparked a series of child welfare improvements in recent years. Despite these important gains, much work remains to achieve safe, permanent families for all children and youth in foster care.

Our proposal offers recommendations that build on these gains and reflect the key principles that policymakers and others have long held to be guideposts for reform efforts: accountability for outcomes; innovation and flexibility that promote best practices; and targeted uses of federal fiscal incentives to facilitate positive outcomes. Specifically, our proposal calls for a strategic realignment of the Title IV-E reimbursement system and other federal funding sources to promote best practice in four key areas: (1) permanence and well-being, (2) quality family foster care, (3) capable, supported child welfare workforce, and (4) better access to services. In our extensive discussions with the child welfare field and other stakeholders, we've received overwhelmingly positive feedback on the overall policy framework for our financing proposal and its underlying principles.

- **Agreement on the need to protect the federal foster care and adoption entitlement.** After decades of discussion, it appears that the debate about whether to maintain the Title IV-E entitlement or to fund child welfare through federal block grants to provide states flexibility has been settled in favor of preserving and strengthening the entitlement. Our proposal calls for maintaining and expanding the entitlement but also urges improved use of those funds by making structural changes to eliminate barriers and promote efficiencies in achieving desired outcomes.

- **Momentum for comprehensive reform, with recognition that broad reform must reflect the realities of the current political and economic environment.** Congressional leaders who have championed previous reform efforts are signaling that the time has come for comprehensive reform, and increasingly policy conversations are focused on how to achieve broad reform within the current political and economic environment. Despite widespread agreement that the child welfare system suffers from insufficient investment, we believe there is a growing consensus that comprehensive reform will entail making better use of existing federal funds. Key leaders have indicated that our proposal's level-funded approach is on track with the realities of the current budget climate. With respect to our proposal's reallocation of existing funds through both investments and cuts, many stakeholders stress the need for the investments to occur alongside, or even precede, other changes that call for reducing or redirecting current funding.

Overall, we expect growing awareness about the cost of doing nothing will continue to build momentum for broad reform. Every day that we delay reforming child welfare financing, states lose federal resources. States receive federal reimbursement for fewer children in foster care each year. Between 2001 and 2011, the proportion of children in foster care determined to be eligible for Title IV-E dropped from 48 percent to 40 percent. At the same time, states' receipt of federal reimbursement for foster care declined by 40 percent in real dollars over the past decade and by 24 percent for foster care administration and casework. Moreover, the Congressional Budget Office projects that future reimbursement will decline 45 percent and 9 percent respectively during the coming decade. The real value of federal Title IV-B funds has declined by 26 percent during the past decade and will continue to decline without legislative change. Meanwhile, the House of Representatives has twice voted to eliminate the Social Services Block Grant, a critical source of funds for child welfare agencies to support prevention, reunification and post-permanency services.

- **Competing views on how to accomplish comprehensive reform.** Stakeholders' reactions varied widely to the proposal's overall approach in seeking comprehensive reform. Many stakeholders argued that the proposal was not comprehensive enough, focusing too narrowly on improving foster care, and suggested a more expansive set of financing reforms that would address the entire child welfare system. In contrast, other stakeholders argued that while our proposal could lead to many positive reforms, the risks of such a large change in the system made them uncomfortable. They suggested a more incremental approach to reform (an approach these stakeholders suggest has been used successfully during the past 20 years to improve child welfare).
- **Concern that any restrictions on federal payment for certain foster care placement may run counter to the best interests of individual children.** Many stakeholder who agree with the proposal's goals of limiting long-term foster care and non-family placements also worry about the small number of children whose best interests may be served by longer stays in care or in residential treatment. While the proposal seeks to incentivize investments at the system-level, some are fearful that an unintended consequence is that decisions about children's placement will be made based on fiscal rather than best interest determinations.



Overall, stakeholders' feedback on many of the specific recommendations in our proposal has been positive. In particular, there has been widespread support for the recommended new investments. However, stakeholders expressed concerns about the recommendations that would redirect federal resources. Below we outline the recommendations that have garnered the greatest support as well as those that have drawn concerns or criticisms.

Recommendations receiving widespread agreement/support

- *Eliminating income test for IV-E eligibility:* There is overwhelming support for our recommendation to eliminate the requirement that, to be determined eligible for federal foster care assistance, children must be removed from homes that would have been eligible for Aid to Families with Dependent Children (AFDC) based on 1996 standards. This is despite the fact that we simultaneously recommend that federal reimbursement rates be adjusted to provide states with essentially the same level of federal reimbursement in total. Support for this recommendation is significant given the many years of stalled deliberations over how to best address what is known as the foster care "look-back."

External audiences have articulated four key reasons that they see this recommendation as critical to any financing reform approach. First, the federal government should care for and have a financial investment in meeting the needs of all children who have been abused or neglected and placed in foster care, not just those from extremely poor families who would have been eligible for AFDC nearly 20 years ago. Second, the Congressional Budget Office estimated that states spend nearly \$200 million every year on determining eligibility for Title IV-E; delinking foster care from AFDC would enable these funds to be used much more effectively for meeting the needs of children and families. Third, eliminating the income requirement will stall the decline in the federal participation rate (and the resulting shift in responsibility to states) that has occurred due to the link to 1996 AFDC standards. Fourth, having caseworkers responsible for collecting information about birth parents' income and assets to determine eligibility during a time of crisis runs counter to the need for caseworkers to develop trusting and supportive relationships with families.

- *Improving family foster care through strategic investments in foster parents and the workforce:* Feedback to our proposal indicates widespread agreement that investments in quality family-based foster care and the child welfare workforce are critical to achieving better outcomes for children and

families. Stakeholders have noted that the number of children in long-term foster care and the frequency of group home placements reflect the insufficient foster parent capacity and overwhelmed workforce in many communities. Many have argued, and we agree, that such investments should occur **before** the reductions in federal reimbursement to ensure that states have built the necessary capacity to maintain children in families.

- *Reconfiguring the Social Services Block Grant (SSBG) to preserve critical funding for child welfare:* Nobody doubts the importance to states of having a flexible funding source such as SSBG to meet the needs of children and families and in particular to support a range of child abuse and neglect prevention and post-permanency programs. In response to threats over the program's future funding, advocates and others have been working to identify options for strengthening the SSBG program. Our working paper identified SSBG as a critically important funding source to child welfare systems, noting that it comprises 12 percent of all federal child welfare funds (and a much higher proportion in some states) and highlighting the uncertain future of the program given sustained scrutiny by Congress and recent treatment of SSBG in congressional budget deliberations. Our policy recommendation called generally for the preservation of SSBG funds through a reconfiguration of the program and urged stakeholders to help identify an effective course of action that would simultaneously maintain the flexibility of the funds and increase the accountability of the program. A number of suggestions for accomplishing this have been identified and are detailed below.
- *Improving the use of Medicaid to meet the needs of child welfare families:* Virtually all stakeholders recognize the potential of Medicaid to better fund the therapeutic services needed by children who have suffered the trauma of being abused and neglected. Moreover, we heard appreciation for the potential of the Affordable Care Act to enhance the mental health services available to birth parents and relative caregivers. Overall, there is overwhelming support for the recommendation to require that Medicaid and child welfare agencies develop a joint plan, though the feedback suggests that a mechanism is necessary for holding states accountable for such plans.

Recommendations met with greatest concern

- *Limiting federal funds for long-term foster care:* While understanding the intent of limiting federal reimbursement for children in long-term foster care, many who stated a concern over this recommendation raised questions of potential unintended consequences. Discussions with stakeholders identified important perspectives and also surfaced some misunderstandings that we have tried to clear up. On the latter point, our proposal would not prevent children needing additional time from remaining in foster care beyond three years. Our proposal simply would eliminate federal reimbursement of foster care after three years, thus requiring states to use their own funds for longer-term placements. Even with this clarification, some are concerned that decisions about children may be made based on eligibility for federal reimbursement rather than best interests.

This concern is worth greater discussion, though current evidence would appear to offer a different perspective. Currently, states entirely fund more than half of all children in foster care regardless of

how long they have been in care. If decisions about children's placements were influenced by their Title IV-E eligibility, we would expect to see fairly significant differences in the experiences of IV-E and non-IV-E children. Neither research nor reports from child welfare officials and caseworkers lend support for this. Moreover, judges must ultimately approve placement changes, and attorneys, guardians ad litem and youth and their advocates provide input into placement decisions and are unlikely to be influenced by how foster care is funded. We believe that decisions about a child's placement will continue to be made based on a determination of best interests. A key underpinning of our proposal is that child welfare financing reform would affect decision making at the system level, specifically by removing systemic barriers and driving positive outcomes with fiscal incentives for best practice. It is critical to understand that this and other recommendations are not intended to influence decisions made on individual cases, but rather influence state child welfare systems to alter their investments in ways that will lead to better overall outcomes.

- Additional concerns about this recommendation were raised, including worries about the impact of this recommendation on state child welfare budgets should states not make the necessary investments to reduce the number of children in long-term foster care. Questions were raised about the choice of 36 months as the lifetime limit on federal Title IV-E reimbursement and a number of suggestions were put forward to create exceptions to the 36-month limit. Others had concerns about unintended consequences, such as pressure that might lead to hasty permanency decisions by courts and agencies. These concerns and questions are discussed further in the detailed summary, beginning on page 11.

- *Limiting funds for shelter, non-therapeutic group and residential placements:* Feedback indicates that a range of perspectives exist on the role of group placements. Most seem to agree that group placements are often overused for children who have no need for residential treatment, though many also stress the value of residential treatment facilities for children and youth who have experienced severe trauma and require intensive treatment. We appreciate the diversity of positions, and we recognize and appreciate the critical role that therapeutic residential care plays in meeting the needs of children and families in crisis. The young people we spoke with also acknowledge the need for therapeutic group placements. In discussions with stakeholders, we have tried to clarify that our proposal seeks to strengthen the impact of necessary treatment interventions.

At the same time, the data, our experiences working with public agencies and the families they serve and direct reports from residential care providers confirm that too often children are placed and remain in non-family settings for reasons that have nothing to do with therapeutic needs. Our recommendation envisions system-level changes that would significantly increase the capacity of kinship caregiving and quality family-based foster care and reduce the need for group placements. The results of our discussions lead us to believe that there is common cause around policy changes that achieve the dual goal of meeting the therapeutic needs of children in families whenever

Changing investments:

It is critical to understand that this and other recommendations are not intended to influence decisions made on individual cases, but rather influence state child welfare systems to alter their investments in ways that will lead to better overall outcomes.

possible, while protecting and increasing the capacity of short-term residential treatment. We share additional input about this recommendation in the detailed summary beginning on page 11.

- *The proposal gives insufficient attention to prevention, in-home, reunification and post-permanency services and supports.* We acknowledged early on that our proposal did not address the full range of issues that would benefit from policy change or increased funding. We are grateful for the conversations with stakeholders about these additional areas. While external stakeholders suggested numerous areas where greater federal investment is needed, the most common request was for additional funding for a wide range of family services. We agree that investment in services is critical and we expect advocates and others will continue calling for improved funding for services.

While our proposal takes a level-funded approach, we highlight several ways in which specific recommendations offer potential for enhanced investments. First, requiring states to submit a detailed plan on how their Medicaid programs will meet the needs of children and families involved in children welfare agencies should lead to greater availability and delivery of Medicaid-funded therapeutic services. We strongly believe that Medicaid, not Title IV-E, is the appropriate funding source for therapeutic services. Both Title IV-E and Medicaid are open-ended entitlements; however, all children in foster care and the vast majority of other families involved in child welfare are eligible for Medicaid, therefore addressing barriers to access and coordination hold much promise for improvement. Second, our recommendation to expand the allowable casework activities under Title IV-E will not only support children in foster care, but children deemed “candidates” for foster care including those still living with birth parents, reunified or adopted. Third, protecting SSBG, Temporary Assistance for Needy Families (TANF) and Title IV-B is essential as these funds offer states the most flexibility to support a wide range of non-therapeutic services that cannot be provided directly by caseworkers. Despite these potential improvements already incorporated into the proposal, we believe it’s worthwhile to consider additional policy approaches, such as options for supporting a set of time-limited, non-cash or cash-equivalent supports for children and families that cannot be funded under Medicaid or IV-E.

Dual goals:

The results of our discussions lead us to believe that there is common cause around policy changes that achieve the dual goal of meeting the therapeutic needs of children in families whenever possible, while protecting and increasing the capacity of short-term residential treatment.



This section provides detailed feedback on each of the 15 recommendations in our proposal. For each recommendation, we restate our rationale and share specific feedback in a Q&A format, modeled closely on the way in which the questions, concerns and suggestions were raised. While no specific attribution is given for the feedback, we provide as an appendix a list of the many organizations that have engaged directly in discussions about our recommendations, including those who attended one of the two policy briefings held in Washington, D.C., or otherwise provided feedback in writing or at meetings. We expect additional feedback as we continue conversations with stakeholders.

ENHANCING PERMANENCE AND WELL-BEING

Recommendation #1: Limit the number of years of federal Title IV-E reimbursement for foster care for any child under the age of majority to no more than 36 months in a child's lifetime.

Our rationale: Foster care is intended to be a short-term safety net to protect children from abuse and neglect and to ensure the well-being of children by ameliorating the effects of maltreatment. Limiting Title IV-E foster care reimbursement to three years (or 36 months), frees up necessary federal resources that we believe are better invested in other areas to achieve comprehensive reforms and better outcomes for children and families. This recommendation provides a key fiscal incentive to invest the resources necessary to find permanent families for more children. It also reinforces existing federal policy positions that foster care is meant to be temporary and that every effort should be made to find timely permanent families for every child.

Questions, concerns and clarifying answers

Q. How would a 36-month federal Title IV-E foster care eligibility period work? Is it a lifetime limit, and would it apply to children already in care?

A. We believe that 36 months should be a lifetime limit. We recommend that this policy, if enacted as part of legislation, take effect immediately and apply to all children and youth in foster care who are below the age of majority, with the 36-month clock starting at zero for children and youth already in care.

Q: Why 36 months? How did you arrive at this time frame? And aren't time limits a slippery slope?

A: Permanency has consistently been a high priority in federal policymaking. The permanency timelines enacted as part of the Adoptions and Safe Families Act (AFSA) of 1997 are particularly

significant. Specifically, ASFA requires that permanency hearings are held no later than 12 months after a child enters foster care, and in most cases ASFA requires that the termination of parental rights be initiated for any child who has been in custody for 15 out of the most recent 22 months. Our recommendation encompasses the ASFA timeline and aligns with best practice. We have observed leading child welfare agencies and practitioners, with proper attention and resources, implement practices whereby within 21 additional months they can secure a permanent placement for children who cannot be reunified. We recognize that there will be children whose best interests require them to remain in care for a longer period of time. Our perspective is that the limited federal funds available should reimburse what we believe is best practice for the large majority of children. There is no political will to suggest a slippery slope is likely for this issue.

Q. Could this lead to reimbursement policies driving placement decisions rather than decisions being determined by the best interest of the child?

A. We don't believe so. Federal fiscal incentives are designed to affect system reform, not individual decision-making by caseworkers. By aligning federal financing to permanency goals, this and other recommendations would address systemic inefficiencies and promote improved permanency planning and outcomes, especially for children and youth at risk of languishing in foster care without connecting to a permanent family. Federal data show that 18 percent of children currently in foster care have been in care for longer than three years, and children 12 years and older who continue to live in foster care beyond three years are nearly certain to age out of care instead of finding a permanent placement alternative. Currently, states cover the full cost of foster care for the majority of children in care. We have found no evidence to suggest that the lack of federal reimbursement after 36 months would pose harm or negatively affect decision making on individual cases; however, tracking state data after implementation could help ensure this unintended consequence does not occur.

Q. How would this policy affect youth over age 18 who are transitioning out of foster care?

A. While long stays in foster care for children under age 18 are linked with poor outcomes, after a young person reaches age 18, his ability to continue to stay in extended foster care and to receive important supports until age 21 is linked to improved outcomes. Federal support for extended foster care is sparking important policy and practice reforms in the states, which if done in a developmentally appropriate way will improve the lives of young people as they transition from foster care to adulthood. Therefore, our recommendation excludes time spent in care beyond age 18.

Q. Three years may not be enough time to find permanent families or meet the needs of some children and youth with complex mental health issues. Could exceptions be made? What about continuing some level of federal reimbursement for certain groups of children, such as those re-entering care who have reached the time limit; and graduating the decline in reimbursement rates, for example, with lower federal reimbursement after two years and then phasing out over five years?

A. We appreciate the robust conversation about this recommendation that has taken place among stakeholder groups. We believe the idea of identifying exceptions is worth exploring, though we have significant concerns.

Stakeholders have suggested three alternatives for handling exceptions:

One suggestion is to provide an exception for children with a particular characteristic that we know is associated with longer lengths of stay (e.g., youth who are pregnant and parenting or have been sexually trafficked). While such children may be more likely to need longer foster care stays, we maintain that most can achieve permanency within 36 months and fear that providing such an exemption could reduce permanency planning efforts made on all children of an exempted group.

A second suggestion is to except children with a particular diagnosed condition that is often linked with longer lengths of stay (such as autism). We have similar concerns with this suggestion as we do for exempting children based on a particular characteristic, and also fear that this type of exemption increases the risk of labeling/diagnosing children to make them eligible for reimbursement.

Finally, some have suggested allowing states to exempt a certain percentage of children in care each year. Unless the percentage of exceptions was set extremely low, we would be concerned that states might manage up to the level of exception. Unfortunately, we have seen this type of managing up practice in child welfare agencies when time limits are placed on certain activities (e.g., maximum stays in shelter care).

In today's climate of constrained budgets, we believe that decisions about where to invest limited federal funds should be based on the return from those investments in terms of positive outcomes for children. Thus far, we do not find compelling evidence to support creating exceptions for certain groups of children, although we understand the point of view of those who favor creating exceptions. We have also heard that creating a phased-in or graduated decline in reimbursement would be administratively burdensome, though this idea should be explored further if states have a strong preference for such an approach.

Q: This recommendation seems to have the potential of increasing costs to state child welfare budgets for states that cannot or do not make the necessary investments to safely reduce the number of children in long-term care.

A: For this to occur, states would have to allocate a disproportionate amount of resources for children in long-term foster care, which would reduce the resources available for other parts of the system. We recognize that this recommendation comes with certain financial risks to states. However, we would argue that the potential benefits, both in terms of improved outcomes for children and families and on state child welfare budgets, far outweigh the potential risks of this recommendation as well as the financial implications of not making needed reforms. We are open to and welcome alternative ideas about how to alter federal financing to promote the investments necessary to reduce the number of children experiencing long-term foster care.

Q: How will this affect the quality of permanence? Could the three-year time limit put pressure on judges and agencies, causing them to push kids to return home or get adopted before the time is right?

A: It is critical to understand that this and other recommendations seek to influence state child welfare systems to alter their investments in ways that will lead to better overall outcomes and should not alter best-interest determinations made on individual cases. States already have a strong financial incentive to achieve permanency as quickly as possible, as they are covering much of the cost. We believe a strong *federal fiscal incentive* for achieving timely permanency is what's missing. We believe it's worth

discussing whether to require states to expand their reporting of re-entries to the system, failed adoption or other possible negative outcomes that might indicate poor permanency decision-making.

Recommendation #2: Eliminate federal reimbursement for shelter care and non-therapeutic group placements.

Our rationale: Federal law states that children should be placed in the least restrictive setting possible. Yet, approximately 20 percent of all children in foster care (including 40 percent of teens) are initially put in group placements. Moreover, despite little evidence of differences in treatment needs, the percentage of children initially put in group placement ranges from a low of 5 percent to a high of 53 percent of all children depending on the state. Analysis of county-level data reveals even greater variations in the use of group placements within states, again with little evidence that such differences reflect disparate treatment needs. We believe that a lack of alternatives to group placements is a significant contributor to the variations observed.

A growing body of research highlights a range of poor outcomes, and potentially adverse impacts, associated with non-therapeutic group placements. Leading practitioners and experts in child development have documented the critical developmental needs for family connections, and youth themselves speak about the barriers to normalcy that group placements often present.

Questions, concerns and clarifying answers

Q: What is the definition of “non-therapeutic” and “group” placements?

A: The definitions we offer are based on our experiences working in multiple states with child welfare agencies, providers and others to prioritize family-based care. To clarify what we mean by “non-therapeutic,” we offer our working definition of “therapeutic services,” which we maintain must include 1) a written assessment conducted by a licensed clinician, evaluating the client’s mental condition to determine whether therapeutic services would be appropriate; 2) an individual treatment plan developed by a licensed clinician, with services to be provided by a licensed clinician; and 3) there is a therapeutic reason that services cannot be provided to a child within a family setting. Our working definition of group placement is that it includes any setting that is not licensed as a family or relative foster home, regardless of the staffing model used.

Finding foster parents:

We’ve seen firsthand that when agencies invest sufficient time and resources to recruit and support resource families (including emergency foster parents and kin), they see a dramatic decline in their use of group placements

Q: If federal reimbursement for shelter care and non-therapeutic group care is eliminated, where will children go for placements?

Are there enough family-based foster care settings to take care of children who would have otherwise been placed in shelter or group care?

A: There appears to be a common perception that it is not possible for agencies to recruit enough foster parents to care for children needing placements, and in particular for older children and siblings who frequently end up in group placements. Our experience working with public agencies in both large cities and rural areas argues otherwise. The lessons we’ve learned strongly suggest that all public child

welfare agencies have the potential to develop the capacity needed to meet the needs of children in quality family-based care and limit residential placements to short-term therapeutic interventions needed to address an acute crisis. We've seen firsthand that when agencies invest sufficient time and resources to recruit and support resource families (including emergency foster parents and kin), they see a dramatic decline in their use of group placements.

Q: Might this policy have the unintended consequence of leading to an increase in psychotropic medications?

A: We are extremely concerned about the recent data and research findings related to the alarming rate of psychotropic medication use among children and youth in foster care. Our experience and understanding is that the use of group placements only exacerbates this problem. The best treatment for addressing the emotional and behavioral reactions of children to maltreatment is a loving family, not a pill (or in too many cases a handful of pills). We believe that encouraging child welfare and Medicaid leaders to develop and submit a joint plan for meeting the therapeutic needs of children who have been maltreated will strengthen the capacity of communities to provide therapeutic interventions and reduce reliance on psychotropic medications.

Q: Instead of eliminating federal reimbursement for shelter care, what about limiting it to very short-term shelter care if it meets therapeutic standards, or gradually phasing out federal support?

A: We acknowledge that retooling systems to develop new capacities for non-shelter emergency placements and quality family foster care takes time to implement. In particular, we believe a phased-in approach to eliminating shelter care has merit, provided that states are committed and actively building capacity for family-based alternatives. We urge that any federal funding considered for shelter care would be limited to very short stays, such as the duration of time between placement into foster care and the initial judicial hearing.

Recommendation #3: Eliminate federal reimbursement for residential care for children under age 13; limit federal reimbursement for residential treatment for older youth to one year.

Our rationale: Federal policies should be updated to reflect the growing body of research and best practices about how to best meet the developmental needs of children and youth. For example, there is compelling research on brain development as it relates to early childhood and adolescent development that should inform child welfare policies and practices. We know that children of all ages benefit greatly from healthy attachments to caregivers and a sense of belonging from being in a family. We also know that group placement often impedes opportunities for permanency and healthy development for infants and toddlers as well as adolescents.

We believe residential treatment plays an integral role in the continuum of services that child welfare systems must have to meet the needs of children and families, yet experts report that the majority of children who are placed in these settings do not have severe or even diagnosed mental health challenges. This recommendation addresses a pressing need to prioritize family-based care while supporting the effective delivery of therapeutic services so that more children will have the opportunity to receive the appropriate services.

Questions, concerns and clarifying answers:

Q: How did you determine that 12 months was the sensible limit on federal reimbursement for residential treatment for youth age 13 and older?

A: This recommendation is based on lessons learned from our work with public child welfare systems and recommendations from leading private providers of residential treatment. During the past year, we convened a group of leading providers to learn more about best practices in therapeutic treatment for children and youth in foster care. These experts suggested that the average amount of time needed to address the treatment needs of children coming to their attention was three to four months, and the maximum necessary was about nine months. Moreover, research suggests that children's well-being improves in the short-term in residential care, but improvement levels off and children may actually be harmed by longer residential stays. Though many children need longer-term treatment, such treatment can typically be provided on an outpatient basis as children live with families.

In identifying one year as the allowable period for federal reimbursement of residential treatment, we allow for what the medical experts say aligns with best practice and also encourage states to make the investments in family-based foster care for youth who are too often unnecessarily placed in group care and not in families. Nationally, nearly 40 percent of teens are *initially* placed in group care, and nearly 60 percent of teens will have spent some time in group care during their time in foster care

Q: Why did you choose to eliminate all federal funding for residential treatment for children under age 13?

A: Research from the child development field provides compelling evidence for family-based care as best practice, and experts suggest that the attachment needs of children ages 12 and younger far outweigh any advantages of residential treatment in almost every case.

Q: Can the needs of children with serious mental health challenges really be addressed in family-based settings?

A: Experts indicate that residential placements often are not made due to treatment needs but rather because of a lack of alternative family-based placements. One leading provider organization shared that 70 percent of the children served by his organization were not mentally ill by DSM standards, meaning that the issues were not persistent or chronic but rather the needs were situational and the children's mental illness were due to a lack of belonging. Through our work with child welfare systems and the families they serve, we know that states can safely limit residential treatment to crisis stabilization by investing in system improvements that build the capacity for kinship placements and quality family-based foster care. Our research shows that kin and non-kin foster parents, when properly supported, are willing and able to effectively care for many, if not most, of the children who are now in group placements. We have seen different types of systems achieve this alignment with best practice.

Q: If high levels of care are discouraged through the elimination of federal reimbursement and/or long stays, won't this lead to increased costs for states just as much as it attempts to discourage states from these practices? For instance, a possible unintended consequence could be that frequent placement changes occur due to a child not getting the necessary level of care, which results in increased state expenditure for long-term stays that reduce available funding for other services and supports, particularly funds for the front end.

A: If states do not align their practices with what we know is best for children, then they may see a financial impact. On the other hand, if states do align their practices, not only will they improve child outcomes but they should also see significant cost savings that can be invested in improving the broader child welfare system.

Q: Will the one-year time limit penalize residential providers who receive children who have already been in several group homes and have met or exceeded the one-year period?

A: Using federal funds to encourage system reforms should not penalize effective residential providers. Currently, states cover the costs of more than half of children in residential care and are not federally reimbursed for them. Residential providers agree that they want all placement decisions to be made based on the best interest of children and not simply which placement options are convenient. These providers also agree that limiting the instability of family foster care placements will reduce the treatment needs of children who do need short-term residential care.

Q: What about an exception to the elimination of federal funds for residential care for children under age 13 who are placed with their siblings? Also, there are instances when treatment needs will likely need to exceed a one-year time frame. What about making an exception for these cases?

A: We recognize there will likely be a very small number children who require residential treatment services beyond the parameters specified by our recommendation. We are concerned, however, about the potential unintended consequences of the exceptions that have been suggested. We believe the well-being of younger children is best met through family care with frequent visitation with siblings. We have strong concerns about the potential negative consequences of labeling or diagnosing children to make them eligible for reimbursement. We agree with suggestions that any group placement should be preceded and dependent upon the results of a mental health assessment using a validated instrument. Finally, we believe that limiting the availability of federal funds for residential treatment will address existing inefficiencies in the system.

Recommendation #4: Create a federally funded Individual Development Account (IDA) for older youth and young adults in foster care to support them in achieving financial security and making a successful transition to adulthood.

Our rationale: In addition to helping youth in foster care achieve permanency, more can be done to assist them as they transition to adulthood. Teenagers in foster care often do not have the typical developmental experience of learning how to manage money. They often leave care without even the basic financial skills that people need to budget their day-to-day expenses, pay for postsecondary education and eventually become economically stable and successful. Research has demonstrated the long-term positive effect that savings and assets have on a person's success across many outcome areas. By creating a federally funded IDA that matches a young person's savings for approved assets up to the amount equal to the adoption tax credit, and making it available to youth who turn 16 while in foster care (including those who achieve permanency after age 16), more young people will build the financial skills they need to succeed in life.

Questions, concerns and clarifying answers:

Q: How would a federally funded IDA work? How long would it be available to young people? Do youth get to keep the IDA if they achieve permanency after age 16?

There are a variety of ways a federally funded IDA could work. One option is for the IDA match to become a Title IV-E reimbursable expense for those youth who are eligible. The rate of reimbursement could be an enhanced rate, such as 80 percent. Another approach would be to model IDA funding on the Chafee Foster Care Independence Program or Education and Training Vouchers, which are Title IV-E funds but provided through a formula-based allotment and include a requirement for nonfederal matching of up to 20 percent of total program funds). The IDA could be made available until the young person leaves foster care, at age 18 or (hopefully) later depending on whether and to what age a state has extended Title IV-E foster care. We believe strongly that an IDA should also be made available to youth who achieve permanence after age 16 so that it does not discourage finding families for older youth. Families adopting or becoming guardians for older youth often have not planned or saved to support a young person's postsecondary school or other expenses, an area in which an IDA can be helpful. Therefore, the IDA match would also need to become a reimbursable expense under adoption and guardianship assistance.

Q: What kinds of assets would a young person use an IDA for?

Data has demonstrated that IDAs work best for young people when they can save and match for developmentally appropriate assets. While IDAs for adults tend to focus on "adult" assets such as buying a house or paying for education, an IDA for a young person should be used for assets that improve their transition to adulthood, such as a car to get to work and school, a deposit on an apartment or postsecondary expenses.

Q: What about those states that haven't extended IV-E foster care beyond age 18, or those young people who opt out of extended foster care? They would have IDAs for only two years. Don't those young people need IDAs even more?

A: We believe that all young people who experience foster care could benefit from an IDA. Our research shows that the most vulnerable youth – those who have been homeless, are young parents or report few family connections – actually use IDAs at a higher rate. While only two years of access to an IDA would not be ideal, our data suggests it would still have impact. We also hope that more states extend foster care to age 21; however, those that do not could be encouraged to use Chafee, SSBG, Community Services Block Grant or Title IV-B funds to support an IDA program for young people who don't qualify under IV-E. In a state with extended foster care, those funds could support IDAs for those young people who opt out. We also hope that IDAs could provide incentives for young people who don't achieve permanency to stay in extended care and realize the benefits of that additional support. Therefore, states or the federal government could consider a higher level of contribution for those young people who stay in foster care from age 18 to 21.

Q: Why should IDAs be a part of an overall finance reform proposal?

A: First, young people have reported that money management is their *most critical* need after leaving foster care, yet one of the things they know the least about. In today's society, success in education, employment and even housing is predicated on a basic level of financial understanding and a good credit score. Second, recent research in the financial field is beginning to show that "asset interventions" can have an amplifying effect across other, seemingly unrelated, outcome areas. We

have seen this in our own experience. For example, many young people share how saving to purchase a car with their IDA has helped them learn to manage money. With the car, they can hold down a job, go to school and access affordable housing. They also talk about how a car has strengthened family connections because they can drive to see their siblings, extended family and others close to them. We see how the basic financial skills coupled with a critical asset can have a transformational effect.

Q: What do we know about states that have set up IDAs with Chafee funds or other state funding? Do you anticipate any implementation challenges should this recommendation get enacted?

A: Matches for IDAs are already an allowable use of Chafee funds. At least a handful of states are using Chafee funds and state dollars for this purpose. We believe this is beneficial because, through an IDA, they are supporting experiential learning that more closely mimics what young people experience in intact families. Budgeting classes do not provide the same kind real-world practice that young people need. In our experience, the biggest implementation challenges include working with different banks across a state; putting in processes for timely verification and payment on asset purchases; and providing ongoing support to young people to improve their financial literacy, earn money and save. However, many states already have IDA programs for youth in foster care and several states have those programs statewide. They have overcome these challenges and have best practices to share. In many cases, local community-based organizations working in partnership with the child welfare agency are providing the IDA as part of a broader array for services and supports for this vulnerable population.

Q: What do you think of asset building or savings options beyond IDAs, such as 529b accounts? What about including in IDAs any child support paid by parents for the support of children in care?

A: We recommended an IDA based on our experience and data demonstrating that this is a good investment. However, there are many other potential savings and asset vehicles that could be considered. For example, one state opens a 529b savings account for every child in its foster care system. We also think various kinds of contributions to IDAs for young people should be considered.

IMPROVING FAMILY FOSTER CARE

Recommendation #5: Require as a condition of receiving Title IV-E funds that all children in foster care are in licensed homes, and allow different licensing standards for kin.

Our rationale: Placing foster children with relatives is the best option for keeping children connected to their siblings and trusted family members. Federal policy specifically gives preference to relative placement and also provides federal financial assistance to relative foster parents who become guardians. Currently, licensing is required only on the individual level for Title IV-E reimbursement, including for foster care and subsidized guardianship.

Licensing is associated with permanency and stability of placements. All children in foster care deserve the same level of support, yet more than half of children in state custody with relatives are in unlicensed homes. Flexibility to establish kin-specific licensing standards acknowledges the differences in their situations. Improving the licensing of kin is also a critical measure in creating alternatives to shelter and group placements.

Questions, concerns and clarifying answers:

Q: How would this recommendation work? Would it require that all kin caring for children need to be licensed? What if kin do not want to be licensed? Would requiring that all children be in licensed homes limit a state's flexibility to use settings such as supervised independent living?

A: We recommend licensing only for children who are in state custody and in family-based foster homes. Our recommendation does not extend to supervised independent living settings. Regarding questions about the ability or willingness of more relatives to be licensed, our experience in working with kin in various states is that the main deterrent to licensing for most kin is the perception of an overly intrusive process. If states ensure that their licensing process is appropriate for assuring the safety of children, kin should be required to be licensed and licensing should be family-friendly. Child welfare agencies would also have the opportunity to develop different standards and processes for licensing kin and non-kin foster homes.

Q: Will requiring licensing reduce the use of kinship placements or lead to greater diversion? Might requiring licensing for all kin result in the exclusion of important kinship options (such as those who may have committed certain offenses at a young age but have long since been rehabilitated)?

A: Approximately half of states already have policies that prohibit unlicensed care and many have developed innovative approaches to tailoring the licensing process to meet the needs of kin. In our extensive work with states on kinship licensing, we have no evidence to suggest that diversion or the reduction of kinship placements is associated with requiring licensing of all relatives. Using non-kin will not result in savings to states and will likely be more expensive and produce poorer results. Furthermore, states already have incentives to divert children from foster care to save money. Regarding concerns about the possible exclusion of some kinship options, we believe that judges should be granted authority to issue orders that permit a child to be placed in a kinship setting that otherwise might not meet licensing requirements and for that setting to be treated as licensed for payment and services purposes.

Q: What about including requirements for family finding and teaming approaches to case planning? Or to call for enhanced federal reimbursement for kinship placements?

A: We fully support family finding and team decision making, but we are not certain how to further strengthen the family finding and teaming models through a federal financing approach. We encourage stakeholders to make recommendations. Given the proven benefits of kinship placements, we also like the suggestion that kinship placements receive enhanced federal reimbursement, although we would add a caution to protect against unintended consequences of children being placed with relatives when such placements are not in their best interest.

Q: Should expenditures associated with becoming licensed be federally reimbursable?

A: It is our understanding that such expenditures are already permitted under Title IV-E administration. If so, it might be beneficial for the Department of Health and Human Services through the Children's Bureau to clarify current policy in its policy manual.

Recommendation #6: Make Title IV-E reimbursement available to foster parents when a child needs residential treatment for a limited time, provided the plan is for the child to return to the care of the foster parents.

Our rationale: Family is a critical component of successful treatment. Research has found that those who benefit the most from residential care are “youth with someone in the community who wants them back.” This recommendation reinforces the importance of families to children in foster care, including children who have complex needs and may be in need of residential treatment. By facilitating continuity of parental involvement during periods of residential care, this recommendation helps to establish appropriate, shorter-term uses of residential treatment settings. Based on feedback from the foster parent community, we believe this recommendation is meaningful to foster parents as it acknowledges their true value as committed parents and also provides the appropriate financial support they need to continue as a stable presence in the lives of the children in their care.

Questions, concerns and clarifying answers:

Q: How is “limited time” defined with respect to this recommendation and how might this recommendation impact expenditures to residential treatment providers? Does your recommendation extend to adoptive parents and guardians? Would they also be able to continue receiving federal payments for their child when short-term residential placement is necessary?

A: Our position is that states should be allowed discretion in determining “limited time” as long as it does not exceed nine months, and states should be permitted to seek reimbursement for payments to both the foster parents and the residential treatment provider. We believe adoptive parents and kinship guardians should be given the same opportunity for continued financial support.

Q: Do foster parents really have any substantial costs that merit continued reimbursement when their child is in treatment?

A: While it is possible that some day-to-day expenses (e.g., groceries and utilities) of caring for a child may be reduced when a child is living away at a treatment facility, parenting roles not only continue during these periods of treatment but may intensify. For example, parents are devoting extra time to visiting their child, meeting with doctors, researching and making decisions related to the medical care of the child, managing issues with the child’s school and teachers and preparing for the transition home. This continued parenting role may require parents to take time off from work, which can have economic consequences, especially for lower-income parents. And even though a child’s bedroom may be temporarily unoccupied, parents must continue to meet rent and mortgage payments. [It has been suggested that reimbursements be allowed for foster parents who commit to taking a child for the first time after a child’s residential treatment. We concur with this suggestion. Another suggestion was to provide financial support by reimbursing actual expenses rather than providing foster parents with a monthly maintenance payment.

Q: This seems like an important recommendation for supporting parents who are truly committed to quality parenting and providing ongoing emotional support to their foster child. How could we guard against potential abuse/misuse of this financial support?

A: We received a range of helpful stakeholder insights to this recommendation, including especially instructive input from young people who have experienced foster care. They offer a unique perspective and urge careful consideration in shaping this policy, including ample oversight so that financial support is available only to those foster parents who truly are committed to their parenting role and only when youth in foster care express a desire to maintain a relationship with foster parents. We believe further discussion can generate sound approaches for achieving a policy that provides important financial support to committed foster parents.

Recommendation #7: Enhance reimbursement for recruitment, development and support of foster families.

Our rationale: Kinship and foster family care should be the primary placement option for all children entering care; therefore, these families should be appropriately supported. Unfortunately, child welfare systems today face chronic challenges in recruiting, developing and maintaining quality foster families. In developing this recommendation, we studied the issues that foster parents themselves identify as key barriers: inadequate support and poor treatment by public child welfare agencies. Further examination of the problem shows that supporting foster parents is a function that is often understaffed. Creating incentives to improve the availability of quality foster families is critical to achieving the capacity needed to meet the needs of children in care, many of whom are coping with prior trauma and require consistency and competency from caring adults.

Every child in foster care has a specific caseworker assigned. The vast majority of foster parents must rely on a child's caseworker for support. Children's caseworkers have to balance the needs and sometimes conflicting desires of children in foster care, birth parents and foster parents. If foster parents care for multiple children, they often have multiple caseworkers. Moreover, if the foster care system is operating as we envision it and children are being placed for short periods of time, then foster parents may care for many different children over time who are supported by many different caseworkers.

Having a consistent, reliable and dedicated support to foster parents is critical for them to successfully care for children. Such support will increase both the quality and the stability of family care. Research is clear and convincing about the importance of stability for children, particularly those in foster care. Stability is related to length of stay in out-of-home care, the likelihood of permanency and use of group placements. Efforts to limit residential placement to crisis stabilization will necessitate greater attention to foster family recruitment, development and support, and as such this recommendation is a central feature of our proposal.

Questions, concerns and clarifying answers:

Q: Do you envision relative foster parents also receiving assistance from family support staff?

A: Yes.

Q: Many state child welfare jurisdictions do not currently have foster family support staff. With so many state agencies operating within tight budget constraints, do you believe the recommendation, if

implemented, would sufficiently encourage states to commit resources to develop this function? Should we consider requiring that all foster parents be assigned a designated support worker?

A: We do believe that enhancing the federal match is a strong incentive to states, and this incentive is boosted by other provisions that focus on maintaining children in family settings. We are concerned that requiring support workers for all foster parents may not lead to investments in quality. At the same time, we understand the implied concern that despite the recommended higher level of reimbursement, states may be reluctant to invest the state-only dollars needed. We believe it's worth considering an even higher level of federal reimbursement for such workers.

Q: Might this recommendation have the unintended consequence of encouraging longer stays in foster care as a result of foster parents having a greater level of support?

A: We don't believe this will lead to longer stays in foster care, but rather will lead to more stability of placements in foster homes. Increased support of foster families is a critical step to addressing systemic inefficiencies, particularly unstable placements that lead to frequent moves for many children in foster care. On average, a child will change foster care placements more than three times in three years, which can negatively affect children's academic and developmental needs. Fewer disruptions in foster care can lead to more and faster pathways to permanency for children in foster care.

Q. Why should the federal government reimburse states at a higher rate for foster parent support workers than it does for children's caseworkers?

A. States are responsible for the majority of child welfare costs. Federal investments simply reduce the price of certain key functions and have often been targeted to support areas with historical underinvestment (e.g., SACWIS, Adoption Incentives and Court Improvement Program). We believe that foster parent support is both a function that has suffered from underinvestment and a function directly related to extensive federal investments (in long-term foster care and group placements) that have yielded limited results.

Recommendation #8: Increase tax credit for foster parents of teens, sibling groups and children with special needs.

Our rationale: Recruiting quality foster parents for teens is an essential part of meeting their need for family connections and supporting their health and development. Increasing the capacity of family foster care for teens also is a critical system reform necessary for limiting the use of residential placement. Most foster parents are low- and middle-income, and the costs associated with caring for a child are far greater than the payments provided by child welfare agencies.

Concrete supports give foster parents the resources they need to carry out their parenting responsibilities and attend to the individual needs of the children in their care. To support current foster parents and attract additional foster families, we recommend increasing the existing tax credit. We also recommend a requirement that public child welfare agencies inform foster parents about the tax benefits they are eligible for that can reduce the gap between what foster parents receive financially and the actual cost of caring for a child.

Questions, concerns and clarifying answers:

Q: Is the tax credit per child or per family? Is there a maximum per family? Is this enough of an incentive to actually attract foster parents for teens?

A: We recommend increasing the tax credit from \$1,000 to \$5,000 and replacing the six-month residency requirement with an option that enables foster parents to receive a tax credit if they cared for any child who is over age 12, who is part of a sibling group or who is considered “difficult to place” for a total of at least six months. (Foster parents could claim a higher credit if they cared for multiple such children during the year for at least six months.) We had not originally specified a maximum (or cap) per family, but agree with suggestions to establish a fair limit of \$15,000 per year. Coupled with other recommendations, we believe this tax incentive is an appealing benefit to prospective foster parents.

Q: Should we consider expanding the increased tax credit to all children in foster care? Won't financial incentives, such as this more generous tax credit, only reinforce stereotypes of foster parents being in it for the money?

A: Foster parents are generally not motivated by money and many are not fully reimbursed for the investments they make in children under their care. However, we believe expanding the tax credit to all foster parents would only reinforce an unfair stereotype about financial motivations of foster parents. Addressing misperceptions will be an important part of recruiting, developing and supporting quality foster parents. We also believe that foster parents of older youth more often must forgo economic opportunities and thus should be entitled to the higher tax credit.

Q: What are the implications for foster parents caring for undocumented children?

A: It is our understanding that foster parents of undocumented children are eligible for a child tax credit and it would be our recommendation that they also be eligible for the expanded credit.

Q: What about using a means test for the tax credit? What about making it refundable?

A: The existing child tax credit is available as a standard deduction for all families. We do think there are advantages to recommending changes such as means testing it or making it refundable.

BUILDING A MORE CAPABLE WORKFORCE

Recommendation #9: Revise the caseworker loan forgiveness program to reduce the length of time that payments are made before educational loans are forgiven from 10 years to four years.

Our rationale: Child welfare systems depend on their frontline workers to make good decisions at every step, something that is almost impossible to do with an inexperienced workforce. A caseworker is often the most significant person in the lives of children and youth in foster care, and every child deserves to have an experienced and well-trained caseworker making decisions that will affect the child's life in the short and long term. A number of improvements must be made to address the full scope of workforce challenges facing most child welfare jurisdictions. One important strategy to strengthen recruiting practices is to create better incentives for professionals to choose and remain in careers in the child welfare field. Given low levels of compensation (even compared to other social work professions), child welfare agencies have difficulties attracting workers with student loan debt. By reducing the length of time before educational loans are forgiven from 10 to four years, more professionals will be drawn to

child welfare as a career, and more experienced professionals will stay on the job longer to make better decisions for children and families.

Questions, concerns and clarifying answers:

Q: Does this recommendation apply only to those who get a degree in social work? Would it apply for both undergraduate and graduate degrees? And would it apply to child welfare professionals working for private providers?

A: We envision the student loan forgiveness benefit being made available to all child welfare staff, not just those with degrees in social work, and that it be made available to those with graduate and undergraduate degrees as well as to staff of private providers. We believe this benefit should supplement any educational assistance in instances where private providers also offer such support.

Q: Do you think there's a risk that financial incentives could lead to retention of lower quality, less motivated workers?

A: We have no reason to believe this would occur. If there is evidence to suggest that this is a likely unintended consequence, we would be interested in recommendations that would address this.

Q: There are other federal loan forgiveness programs, such as programs authorized by the Higher Education Act. Have you considered leveraging those programs to create incentives for child welfare professionals? What's your position on requiring states to cap and select standards for loan forgiveness?

A: We think it is worthwhile to consider all federal options that have the potential to support the recruitment and retention of a qualified child welfare workforce. We don't believe that allowing states to cap and select standards would improve the implementation of the loan forgiveness program.

Recommendation #10: Allow reimbursement for all activities for primary caseworker unit.

Our rationale: Current federal reimbursement policies place little value on the level of skill and preparedness of the child welfare workforce. Because of the kinds of activities that are and are not funded under Title IV-E, federal policy actually discourages efforts of caseworkers to engage with and develop strong relationships with families and children. Yet, establishing these relationships is critical to a caseworker's ability to make good decisions about the best interest of the child and help the family address the issues that caused the maltreatment or posed the risk of abuse or neglect. Activities such as counseling or treatment to ameliorate or remedy personal problems, behaviors or home conditions are the very activities that we want caseworkers to undertake. After all, these functions help families and children. However, these activities are not allowable reimbursement expenses under Title IV-E and therefore are de-valued and de-emphasized as core caseworker functions. Removing this disincentive could encourage more meaningful work with families and less time on paperwork activities.

Q: Are there concerns that a reimbursement change such as this recommendation would be exploited or generate unexpectedly high costs to the federal government?

A: From a clarification standpoint, our recommendation would only affect the child's primary caseworker and supervisor, not the entire unit of staff.

Q: What about enhanced reimbursement for casework that supports in-home and after-care services?

A: This recommendation would also apply to caseworkers who support “candidates” for foster care, including working with birth families prior to placement and after reunification as well as adoptive families.

Recommendation #11: Allow reimbursement for competency-based child protective services training and training on how to help families.

Our rationale: Child protection investigations are the front door to the entire child welfare system. If a poor job is done with an investigation, it could mean that families without maltreatment issues are brought into the system or children who have experienced maltreatment, or are at risk of abuse or neglect, are being left at home without help. Today’s federal reimbursement system discourages efforts to develop and retain staff with expertise in conducting investigations into abuse and neglect. This policy is contrary to best practice. Investigative staff should have ample time with trainers and supervisors who can guide and coach them through complex decision-making processes and facilitate professional development. To ensure sound decision making and good casework for families, we recommend allowing reimbursement for competency-based CPS training and training on how to help families.

Questions, concerns and clarifying answers:

Q: Can you elaborate on what is meant by the term “competency-based training”?

A: Rather than focusing narrowly on transfer of knowledge, competency-based training (CBT) identifies and addresses skills needed to perform a specific job function. There are a number of CBT models for child welfare. All require participants to demonstrate that they have acquired the skills necessary to succeed in their job role.

Q: Do you think it might be more cost-efficient to limit reimbursement to public agency staff and case managers and supervisors in privatized systems?

A: We are concerned that limiting reimbursement to key staff in privatized systems would exclude critical individuals, such as law enforcement personnel and Court Appointed Special Advocates.

Recommendation #12: Separate overhead from direct service to incentivize high-quality casework.

Our rationale: Under current federal reimbursement policy for Title IV-E, both direct services and agency overhead are combined into a single fund source labeled “administration.” This is confusing to state and local lawmakers who view high administrative costs as wasteful. Separating direct service costs from overhead costs into separate funds will clarify the true purpose of expenditures and provide a clearer picture to lawmakers. To improve overall accountability for overhead costs, we recommend eliminating Title IV-E administration and replacing it with a new Title IV-E overhead program, to include ongoing agency expenses not related to direct labor that must be paid on an ongoing basis. This program would be capped at 5 percent of all other allowable Title IV-E reimbursement. A new Title IV-E program (e.g., child placement, monitoring and support program) would reimburse direct services,

including caseworker, supervisor and casework manager costs, plus costs of functions specifically necessary to aid casework and assure quality of services. This change would promote high-quality casework by removing existing restrictions that limit the level of quality casework provided to families.

Questions, concerns and clarifying answers:

Q: How do you define “activities essential to aid caseworkers?”

A: All activities currently reimbursable under Title IV-E administration that would not fit the definition of overhead should be considered “activities essential to aid caseworkers.” Overhead is already fairly well defined in federal programs. To be explicit, we do not envision overhead including such critical supports as quality assurance, technology, or research and evaluation.

Q: States may have the need for intensive quality assurance and/or information technology projects that would cause them to bump up against a 5 percent cap on overhead costs. What do you recommend these states do?

A: We don’t believe that these costs should be included in the cap for overhead.

Recommendation #13: Phase in elimination of the income eligibility requirement with a reduced federal match.

Our rationale: Eliminating the foster care “look-back” addresses a longstanding underlying systemic barrier to improving child welfare financing. There are a number of reasons for why implementing this recommendation is important as part of child welfare financing reform. The federal government is concerned about all children who have experienced abuse or neglect, not just those who meet the income test for an outdated program. Therefore, all children in foster care deserve to be eligible for federal assistance. Furthermore, each year nearly \$200 million is spent in determining Title IV-E eligibility. This focus on eligibility determination detracts from meaningful casework activities. What’s more, eliminating the look-back will stall the decline in the federal participation rate (and the resulting decline in federal foster care investment). The Congressional Budget Office projects a 45 percent decline in federal outlays for maintenance payments during the next decade. Making this recommended change would provide funding security to states.

Q: Do you recommend that this policy take effect immediately? If so, doesn’t it lock in historical inequities? Did you consider allowing states to update Title IV-E income eligibility standards to 2013 TANF standards?

A: We recommend a three-year phased-in approach to this policy. States would have the option to implement the policy at any point during this three-year period. States already have the incentive to increase their penetration rates and are simply unable to do so because of historically low AFDC need level. For that reason, we are not concerned about this recommendation being punitive. We do not think that allowing states to update Title IV-E eligibility to their 2013 TANF standards accomplishes the key aims of this recommendation.

Q: Creating a new matching rate seems problematic. How would the new rate affect federal reimbursement for Title IV-E overhead?

A: States already have differential federal matching rates. This recommendation would simply alter them so that states receive the same amount of federal resources, but for a much larger group of children. The new rate would be applied to all Title IV-E foster care expenditures, including overhead.

Recommendation #14: Ensure Medicaid meets therapeutic needs of children and parents involved with child welfare agencies.

Our rationale: Medicaid is the primary funding source for therapeutic services needed by children who have experienced trauma due to abuse and neglect, but state child welfare agencies have uneven access to these services. In-home therapeutic services are more viable for families living in poverty or whose lives are chaotic. Office-based therapies are not generally effective for this population, nor is over-reliance on institutional services such as partial hospitalization. This recommendation promotes innovation and flexibility in the development of therapeutic services to meet the needs of a population at high risk of poor long-term health care by requiring the joint development of a plan by child welfare and Medicaid agencies. By making additional technical assistance available to state agencies, it also facilitates the development of new Medicaid procedure codes that are specifically targeted to a high-need population of children and adults who have experienced trauma, and whose needs cannot be met with the current state Medicaid system. Successful collaboration in plan development can yield positive fiscal impacts for a state.

Questions, concerns and clarifying answers:

Q: How does the proposal address the problem of subpar quality of therapeutic services in many places, the inconsistency of quality and array of service providers for youth and the lack of oversight, including oversight of psychotropic medication of foster youth? Will state Medicaid agencies be willing to develop new procedure codes geared toward victims of trauma and other adverse childhood experiences?

A: By requiring Medicaid to develop a state plan specific to meeting the needs of children in the child welfare system, our recommendation strengthens the position of child welfare agencies to advocate for changes needed to improve the quality and access to therapeutic services. There is uncertainty about whether state Medicaid agencies will make needed reforms, but our recommendation provides fiscal incentives and new opportunities for state child welfare and Medicaid agencies to build stronger ties. In addition, a clear, public plan to address the needs of children and families involved in the child welfare system will improve the ability of advocates to hold state agencies accountable.

Q: What about families who aren't eligible for Medicaid? How will their therapeutic needs be met?

A: Medicaid allows services to parents of Medicaid-eligible children to help parents meet their children's needs. Nearly all children in foster care are eligible for Medicaid, as are the majority of children involved with child welfare systems but not in custody.

Q: Public child welfare agencies claim all reimbursement for care management even though child placing agencies (CPAs) conduct the function (e.g., therapeutic foster care). How might states be encouraged to allow CPAs under contract to bill Medicaid for care management?

A: Care management, as a part of Medicaid Targeted Case Management (TCM), can be claimed only for a single case manager, and not by multiple providers. If the public agency is claiming its case manager costs to TCM, then others cannot do so. However, CPAs can still claim case management costs as part of their IV-E administrative rate for eligible children, based on state-determined IV-E rate setting procedures.

Recommendation #15: Maintain access to funds that support non-therapeutic services for child welfare-involved families.

Our rationale: State child welfare agencies differ greatly in how they are administered and financed, and the diversity of funding drives wide variation in the array of child welfare services available across states. Title IV-E is the largest federal funding source for child welfare. Two other critically important federal funding sources are the Social Services Block Grant (Title XX of the Social Security Act) and the Temporary Assistance to Needy Families Program (TANF). These two programs account for a significant portion of federal support for child welfare, nearly \$5 billion a year, especially for prevention and early intervention services. Given the current federal budget landscape, there are imminent and persistent threats to the continued availability of these programs to fund child welfare. We recommend preserving these flexible funds by addressing issues that make these programs vulnerable. This includes recommendations specific to meeting the needs of Tribal children.

Questions, concerns and clarifying answers:

Q: What is meant by “reconfiguring” funds for child welfare from SSBG? Does the recommendation only support protecting SSBG funding for child welfare? What’s your position about SSBG’s role in addressing other critical needs?

A: Our working paper called for reconfiguring SSBG to ensure that child welfare agencies maintain their ability to use these funds for services not eligible for Medicaid reimbursement that are needed to maintain children in their own homes or promote reunification. By “reconfiguring,” we mean that programmatic improvements should be made that protect current resources from cuts or elimination, maintain the flexibility associated with services currently being delivered to families involved with child welfare and increase the accountability for programmatic expenditures.

Our recommendation does not affect SSBG investments in non-child welfare services. We recognize the importance of SSBG funding for a range of services for vulnerable populations. We are open to ideas for how to increase accountability and protect the funding and flexibility. We are pleased that advocacy organizations are taking a lead role in shaping policy approaches along these lines. Several suggestions have been offered, including one to require states to transfer or reallocate all of their SSBG funds into one or more existing federal programs that align with existing SSBG purposes, and report on the use of funds through these program. Programs that could be considered for this type of approach include Title IV-B, the Child Care and Development Block Grant, the Maternal and Child Health Block Grant, mental health programs and aging and disability programs. Other approaches might entail updating the current structure and purposes of SSBG and increasing accountability. Some stakeholders have raised the idea of requiring a state match for SSBG. We understand the desire to

make SSBG more of a shared responsibility, but we are concerned that some states would be unable to meet the match, putting vulnerable groups at risk of losing critical services in those states.

Q: American Indian tribes don't receive SSBG funds but are participants in Title IV-E programs. Do you support SSBG improvements that include measures to enable tribes to access this important funding stream?

A: Yes. We recognize that tribes face a number of challenges in administering effective child welfare systems and have concerns about how effectively states meet the needs of American Indian children and families. We noted in our working paper that tribal issues was an area where we know reforms are needed, yet we lack the expertise to identify those reforms that would improve outcomes for tribal children and families. We support SSBG improvement to address the needs of Tribal children and families. In addition, knowledgeable advocates have recommended a number of important reforms that acknowledge and respond to the unique cultural distinctions of tribes. These include:

- Set aside a percentage of SSBG funds for tribes to meet the needs of tribal children.
- Allow tribes operating the Title IV-E program that are situated in multiple states to meet only the requirements set by the state in which the largest number of tribal members reside rather than being held to requirements of multiple states.
- Remove barriers from licensing of tribal members as foster homes and approval for relative guardianship and adoptive homes; require states to give full faith in licensing decisions made by tribes as required by the Indian Child Welfare Act (ICWA) and address challenges in the cost and delays associated with completing background checks.
- For participation in IDAs, allow Indian youth to count as savings their contributions to providing subsistence for their family or tribe.
- Allow tribes to submit a combined application to operate their own Title IV-E programs and for Title IV-E waivers.
- Recognize and subsidize tribal customary permanent placements under Title IV-E. These are culturally based permanent placements that are an alternative for American Indian and Alaska Native (AI/AN) children who cannot be returned home, placed in a relative guardianship home, or adopted. These are family-based placements and help AI/AN children stay connected to their tribal community, culture, and extended families.
- Treat cultural immersion programs for AI/AN children like summer camp experiences rather than as a change of placement.
- Provide for state data collection of ICWA related outcomes measures in the Child and Family Services Reviews and provide fiscal incentives for states to improve outcomes for AI/AN children and increase compliance with ICWA.

Q: This recommendation acknowledges the significant role of SSBG and TANF in supporting prevention and early intervention services. However, even if these funds are protected, there remains an insufficient investment in prevention of child maltreatment. What's your position on how to meet families' needs for prevention services?

A: We recognize that there is strong interest among the child welfare field for policy solutions that are focused on better preventing child abuse and neglect. In fact, this larger prevention agenda extends

beyond what child welfare systems can do. We recognize that our proposal does not go as far as some would hope to see in terms of a prevention agenda, but we believe our proposal makes important systemic changes that address current barriers to family support and prevention services and help lay the groundwork for further improvements. For example, our proposal enhances Medicaid's role in meeting therapeutic needs. We also believe that improved support of caseworkers will result in better meeting the needs of children deemed "candidates" for foster care. And we advocate for preserving the availability of funding for SSBG, TANG and Title IV-B – programs that provide critical funds for prevention and post-permanency services.



ORGANIZATIONS

The following organizations provided feedback to our recommendations:

Advocates for Children and Youth
Alliance for Children and Families
American Academy of Pediatrics
American Bar Association, Center on Children and the Law
American Federation of State, County and Municipal Employees
American Public Human Services Association /National Association of Public Child Welfare Administrators
Aspen Institute/Ascend
Association on American Indian Affairs
Baltimore City Department of Social Services
Beech Brook
Brookings Institution
Butler Family Fund
C. Fox Communications
Case Commons
Casey Family Programs
Catholic Charities USA
Center for Law and Social Policy
Center for the Study of Social Policy
Center on Budget and Policy Priorities
Chapin Hall
Child Care Aware of America
Child Trends
Child Welfare League of America
ChildFocus, Inc.
Children's Advocacy Institute
Children's Defense Fund
Children's Home Society of America
Children's Rights
Children's Village
Chronicle of Social Change
City of Philadelphia Department of Human Services

Communications Consortium Media Center
Congressional Black Caucus Foundation
Congressional Caucus on Foster Youth
Congressional Coalition on Adoption Institute
Congressional Research Service
Connecticut Department of Children & Families
Corporation for Enterprise Development
Cuyahoga County Division of Children & Family Services
D.C. Child and Family Services Agency
Dave Thomas Foundation for Adoption
Delaware Department of Services for Children, Youth and Their Families
Doris Duke Charitable Foundation
Duke Endowment
Every Child Matters
Family Foster-based Treatment Association
First Focus
Forum for Youth Investment
FosterClub
Freddie Mac Foundation
Futures Without Violence
Generations United
Georgetown University
Jim Casey Young Fellows
KVC Health Systems
Kidsave
Legal Aid Society of DC
Loudoun County Department of Family Services
Lutheran Services in America
Mainspring Consulting
Metis Associates
Michigan Department of Human Services
Montgomery County Child Welfare
Moore Center for the Prevention of Child Sexual Abuse, Johns Hopkins Bloomberg School of Public Health
National Association of Children's Behavioral Health
National Association of Counsel for Children
National Association of County Human Services Administrators
National Association of State Budget Officers
National Association of Social Workers
NASW Social Work Policy Institute
National CASA
National Campaign to Prevent Teen and Unplanned Pregnancy
National Center for State Courts
National Child Abuse Coalition

National Children's Alliance
National Crittenton Foundation
National Foster Care Coalition
National Foster Parent Association
National Governors Association
National Human Services Assembly
National Indian Child Welfare Association
National Network for Youth
National Organization of State Associations for Children
National Technical Assistance Center for Children's Mental Health, Georgetown University Center for Child and Human Development (GUCCHD), Department of Pediatrics of the Georgetown University Medical Center
National Urban League
National Center for Housing and Child Welfare
National Conference of State Legislatures
Nebraska Appleseed
National Governors Association
North American Council of Adoptable Children
NSB Consulting
Pennsylvania Partnerships for Children
Q International
Redlich Horwitz Foundation
Sasha Bruce Youthwork, Inc.
School Social Work Association of America
Senate Caucus on Foster Youth
Sherwood Foundation
Stanford Youth Solutions
Stuart Foundation
True North Group
U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning & Evaluation
U.S. Department of Health and Human Services, Administration for Children, Youth and Families
U.S. Department of Health and Human Services, Administration for Children, Youth and Families, Children's Bureau
U.S. Department of Health and Human Services, Office of the Assistant Secretary for Legislation
U.S. Government Accountability Office
U.S. House of Representatives, Ways and Means Committee, Subcommittee on Human Resources
U.S. Senate, Committee on Finance
Voice for Adoption
Women in Government
Youth Villages
ZERO TO THREE