

FEDERAL FOSTER CARE FINANCING

HEARING
BEFORE THE
SUBCOMMITTEE ON HUMAN RESOURCES
OF THE
COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES
ONE HUNDRED NINTH CONGRESS
FIRST SESSION

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JUNE 9, 2005
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FEDERAL FOSTER CARE FINANCING

THURSDAY, JUNE 9, 2005

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON WAYS AND MEANS,
SUBCOMMITTEE ON HUMAN RESOURCES,
Washington, DC.

The Subcommittee met, pursuant to notice, at 10:05 a.m., in room B-318, Rayburn House Office Building, Hon. Wally Herger (Chairman of the Subcommittee) presiding.

[The advisory announcing the hearing follows:]

ADVISORY

FROM THE COMMITTEE ON WAYS AND MEANS

SUBCOMMITTEE ON HUMAN RESOURCES

FOR IMMEDIATE RELEASE
June 09, 2005
No. HR-3

CONTACT: (202) 225-1025

Herger Announces Hearing on Federal Foster Care Financing

Congressman Wally Herger (R-CA), Chairman, Subcommittee on Human Resources of the Committee on Ways and Means, today announced that the Subcommittee will hold a hearing on Federal foster care financing. **The hearing will take place on Thursday, June 9, 2005, in room B-318 Rayburn House Office Building, beginning at 10:00 a.m.**

In view of the limited time available to hear witnesses, oral testimony at this hearing will be from invited witnesses only. Witnesses will include Administration and State officials, and other individuals familiar with Federal foster care financing issues. However, any individual or organization not scheduled for an oral appearance may submit a written statement for consideration by the Subcommittee for inclusion in the printed record of the hearing.

BACKGROUND:

In fiscal year 2004, the Federal Government provided more than \$7 billion in dedicated funds for child protection. The bulk of these funds—almost \$5 billion—supported children who had been removed from their homes and placed in temporary foster care. Federal foster care funds are available to assist States with maintenance payments, administrative costs, and training to provide services for certain low-income children. These funds are provided on an open-ended basis, which means that States are reimbursed by the Federal Government for a portion of any allowable cost. At the hearing, the U.S. Department of Health and Human Services is expected to release new data on Federal foster care funds received by States under this open-ended system. This hearing will review how the current foster care financing system works and examine how children have fared under this system.

In announcing the hearing, Chairman Herger stated, “We have repeatedly heard over the past few years how children have been left at risk in the current child protection system. Everyone should expect better outcomes, starting with our primary focus and utmost priority, ensuring these vulnerable children are well cared for and safe. I look forward to learning more at this hearing about how current funds are being spent, and how funding is related to outcomes experienced by children.”

FOCUS OF THE HEARING:

The focus of the hearing is on Federal foster care financing issues.

DETAILS FOR SUBMISSION OF WRITTEN COMMENTS:

Please Note: Any person(s) and/or organization(s) wishing to submit for the hearing record must follow the appropriate link on the hearing page of the Committee website and complete the informational forms. From the Committee homepage, <http://waysandmeans.house.gov>, select “109th Congress” from the menu entitled, “Hearing Archives” (<http://waysandmeans.house.gov/Hearings.asp?congress=17>). Select the hearing for which you would like to submit, and click on the link entitled,

“Click here to provide a submission for the record.” Once you have followed the on-line instructions, completing all informational forms and clicking “submit” on the final page, an email will be sent to the address which you supply confirming your interest in providing a submission for the record. You **MUST REPLY** to the email and **ATTACH** your submission as a Word or WordPerfect document, in compliance with the formatting requirements listed below, by close of business Thursday, June 23, 2005. **Finally**, please note that due to the change in House mail policy, the U.S. Capitol Police will refuse sealed-package deliveries to all House Office Buildings. For questions, or if you encounter technical problems, please call (202) 225-1721.

FORMATTING REQUIREMENTS:

The Committee relies on electronic submissions for printing the official hearing record. As always, submissions will be included in the record according to the discretion of the Committee. The Committee will not alter the content of your submission, but we reserve the right to format it according to our guidelines. Any submission provided to the Committee by a witness, any supplementary materials submitted for the printed record, and any written comments in response to a request for written comments must conform to the guidelines listed below. Any submission or supplementary item not in compliance with these guidelines will not be printed, but will be maintained in the Committee files for review and use by the Committee.

1. All submissions and supplementary materials must be provided in Word or WordPerfect format and MUST NOT exceed a total of 10 pages, including attachments. Witnesses and submitters are advised that the Committee relies on electronic submissions for printing the official hearing record.

2. Copies of whole documents submitted as exhibit material will not be accepted for printing. Instead, exhibit material should be referenced and quoted or paraphrased. All exhibit material not meeting these specifications will be maintained in the Committee files for review and use by the Committee.

3. All submissions must include a list of all clients, persons, and/or organizations on whose behalf the witness appears. A supplemental sheet must accompany each submission listing the name, company, address, telephone and fax numbers of each witness.

Note: All Committee advisories and news releases are available on the World Wide Web at <http://waysandmeans.house.gov>.

The Committee seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202-225-1721 or 202-226-3411 TTD/TTY in advance of the event (four business days notice is requested). Questions with regard to special accommodation needs in general (including availability of Committee materials in alternative formats) may be directed to the Committee as noted above.

Chairman HERGER. Good morning, and welcome to today's hearing. Today's hearing provides new insights on efforts to protect children who have been abused and neglected by their own parents. Specifically, we will learn from a U.S. Department of Health and Human Services (HHS) report released today what the programs designed to protect children cost and what that spending buys in terms of protection for children. Most of what the Federal Government spends each year on child welfare programs, about \$5 billion in all, supports low-income children in foster care. These funds support the cost of maintaining children in out-of-home placements, the cost of administering this program, and some training costs.

What we will learn today is that Federal funding per child in foster care ranges from about \$5,000 to more than \$40,000 per year, depending on the State. Those are huge differences between the States. What is even more surprising is that the evidence shows that more spending does not necessarily mean better outcomes for the children. This information will add important details to our knowledge about the current child protection system.

Unfortunately, much of what we have learned during recent hearings has highlighted ways the current system fails to adequately protect children. For example, previous hearings have shown that States lack important data needed to protect and even keep track of children in foster care. Every State failed to pass Federal reviews of their child protection programs. When it came to the sensitive issue of whether children in foster care can be placed in clinical trials and under what circumstances, we had to engage HHS to survey States about their policies. We look forward to getting this information. We learned about the real-world effects when systems don't perform, such as a brutal starvation case in New Jersey, and the beating death of two infants in Baltimore released to their mother, a foster care runaway.

Last year, I introduced legislation that would have reformed how foster care and adoption programs are financed. That legislation would have locked in growing levels of funding for payments to families for administration and for services. It offered an additional \$2 billion in funding, much for services designed to better protect children and keep them out of foster care in the first place.

Clearly, it is hard to look at the current funding system, with average Federal spending per child per State ranging from \$5,000 to more than \$40,000 per child, and say that system is responsibly spending taxpayer dollars. That doesn't include what States spend on foster care from the Temporary Assistance for Needy Families (TANF), Social Services Block Grant (SSBG), or Medicaid programs, or even their State funds. All of that spending, as the report suggests, is not related to better outcomes for children. That is disturbing. There has to be a better way.

With us today are a number of experts, as well as Administration and State officials, to discuss the HHS report and its implications. I would like to thank all our witnesses for joining us today to explore this important issue. Without objection, each Member will have the opportunity to submit a written statement and have it included in the record at this point. Mr. McDermott, would you care to make a statement?

[The opening statement of Chairman Herger follows:]

Opening Statement of The Honorable Wally Herger, Chairman, and a Representative in Congress from the State of California

Today's hearing provides new insights on our Nation's efforts to protect children who have been abused and neglected by their own parents.

Specifically, we will learn from an HHS report released today what the programs designed to protect children cost, and what that spending buys in terms of protection for children.

Most of what the federal government spends each year on child welfare programs—about \$5 billion in all—supports low-income children in foster care. These funds support the costs of maintaining children in out-of-home placements, the costs of administering this program, and some training costs.

What we will learn today is that federal funding per child in foster care ranges from about \$5,000 to more than \$40,000 per year depending on the state. Those are huge differences between states. But, what's even more surprising is that the evidence shows that more spending does not necessarily mean better outcomes for children.

This information will add important details to our knowledge about the current child protection system. Unfortunately, much of what we have learned during recent hearings has highlighted ways the current system fails to adequately protect children.

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And we learned about the real-world effects when systems don't perform—such as a brutal starvation case in New Jersey and the beating deaths of two infants in Baltimore released to their mother, a foster care runaway.

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Clearly it is hard to look at the current funding system, with average federal spending per child per state ranging from \$5,000 to more than \$40,000 per child, and say that system is responsibly spending taxpayer dollars. And that doesn't include what states spend on foster care from the TANF, Social Services Block Grant, or Medicaid programs, or even their state funds. And all that spending, as the report suggests, is not related to better outcomes for children. That's disturbing.

There has to be a better way.

With us today are a number of experts as well as Administration and State officials to discuss the HHS report and its implications. I'd like to thank all of our witnesses for joining us today to explore this important issue.

Mr. MCDERMOTT. Thank you, Mr. Chairman. At times, we are separated by a political divide, but you and I share something much more powerful than political party affiliation. We are both dads. Perhaps I can speak for both of us when I say parenting is one of the toughest jobs you would never want to give up, true?

Chairman HERGER. True.

Mr. MCDERMOTT. As we move ahead in Committee, let's remember that something powerful unites us; no doubt you and I lived a good part of our lives following the same philosophy, we wanted our children to be safe, healthy, happy, and have a chance to do better than we have done. It is every parent's dream. It is our responsibility as we look at the kids in foster care who need us as much as our sons and daughters did.

Now, I agree with you that the child welfare system is in need of reform. The stakes couldn't be higher, and there is an urgent need for action; there has been talk about it for years. We have all heard the tragic stories about children being abused, tortured, even murdered when they are under the supervision of the child welfare system. Every State has an example every year and State legislatures gather around and ring their hands, and we go on. All of us, not just the foster care system, must take responsibility for protecting our most vulnerable children. If not us, who is going to do it? If not now, when?

Now, there is a lot we can do together. For instance, we can advocate for prevention and focus attention on support services that can help stop abuse and neglect before it occurs; I think the Chairman and I might agree on that. However, I strongly disagree with anyone who suggests that the only way to emphasize prevention is to cap, cut, or block foster care. Robbing Peter to pay Paul will not improve outcomes for children, and that is our responsibility. If anything, denying or shifting the financial burden will only lead to more tragedies, in my view.

It has been suggested that the open-ended nature of Federal foster care payments is part of the problem because the payments might be an incentive for States to keep children in out-of-home placements. That theory holds if only these same Federal dollars were sent to the States as flexible capped grants, everything would be fine. Well, two words describe that, "Get serious." That theory ignores the truth about funding.

Worse yet, it is brazenly callous to the untold number of unsung heroes in every State who dedicate themselves to making the world better for kids who got a bad break in life. Whoever thought this one up still believes the world is flat. Well, the world is round, so let's get together on the facts.

Every State already has financial incentives to move kids out of foster care. No State doesn't have that. Caseworkers are overwhelmingly making decisions based on what they believe is best for the child, not the State treasurer. According to the Urban Institute, half of all Federal spending comes from nondedicated sources outside the Federal foster care, such as TANF, the SSBG, or Medicaid. In other words, States already spend flexible funds on foster care when they could spend the money on something else.

The States don't deserve a black eye in this discussion. We do. If we say prevention and family support services are important, then we need to put our money where our mouth is. The Congress has not been shy about spending money on just about everything else—we will put out shortly here a \$400 billion defense budget, half the discretionary spending in this country, and we say we don't have any more for foster care. We cannot forget that 40 percent of the cases in which child abuse or neglect has been substantiated, proved, they do not concurrently receive any follow-up services—40 percent of the cases in which there is child abuse.

Now, even the Bush Administration advocated last year for \$100 million annual increase for promoting the Safe and Stable Families (P.L. 107-133) program, which focuses on prevention. These are tough times, and we have got a war to fight in Iraq, so the President walked away from his commitment in his most recent budget proposal. We just can't do that. My hope today is that we are marking a beginning with a real hope for real solutions, and I welcome the opportunity to learn more from our witnesses. The stakes are too high to make this anything other than a bipartisan issue. I look forward to considering serious solutions from Republicans and Democrats.

Also, Mr. Chairman, I hope you and I will work together to hold hearings to consider solutions from both sides of the aisle. We have within our power the ability to work together to find a solution. Children who cannot defend themselves look to us to make a difference in their lives—safe, happy, healthy, with a chance. That is all they want, and I think that is what we have to do as their surrogate parents. Thank you, Mr. Chairman.

Chairman HERGER. Thank you, Mr. McDermott. Before we move on to our testimony, I want to remind our witnesses to limit their oral statements to 5 minutes; however, without objection, all the written testimony will be made a part of the permanent record. To start our hearing this morning, I would like to welcome Dr.

Wade Horn, Assistant Secretary for Children and Families at HHS. Dr. Horn, please proceed with your testimony.

STATEMENT OF THE HONORABLE WADE F. HORN, PH.D., ASSISTANT SECRETARY FOR CHILDREN AND FAMILIES, U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Dr. HORN. Thank you. Mr. Chairman, and Members of the Subcommittee, I am very pleased to appear before you today to discuss the current state of child welfare financing and the continuing need for reform.

Currently, the Federal Government spends approximately \$5 billion per year to reimburse States for a portion of their annual foster care expenditures. Given the weaknesses in the current child welfare financing structure, we are convinced that the reform envisioned by the President's Child Welfare Program Option is critical to achieving better results for vulnerable children and families. There are six key weaknesses that we have identified with the current child welfare financing structure.

First, the program has evolved to include complex documentation requirements. There are four categories of expenditures for which States may claim Federal funds, each matched at a different rate. In addition, there are several statutory eligibility rules that also must be met in order to justify claims made on a child's behalf; some apply at the time a child enters foster care, while others must be documented on an ongoing basis. These eligibility rules are based in part on the Aid to Families with Dependent Children (AFDC) program, which no longer exists. The time and costs involved in documenting and justifying claims is significant. In addition, the process also frequently results in contentious disallowances, appeals, and litigation.

Second, there are widely different claiming practices among States. For example, based upon 3 year average claims from fiscal year 2001 through fiscal year 2003, the average annual amount of total foster care funds received by States ranges from \$4,155 to \$41,456 per title IV-E eligible child.

Third, the current funding structure has not resulted in high-quality services. Strengths and weaknesses of States' child welfare programs, identified through the child and family services reviews indicated significant weaknesses in programs across the Nation.

Fourth, there seems to be no relationship between State expenditure claims and service quality or outcomes. There are States with both high and low levels of Federal title IV-E claims of each level of performance in the children and family services reviews. In addition, there is no relationship between the amount States claim and the proportion of children for whom timely permanency is achieved.

Fifth, the current program structure is inflexible and emphasizes foster care over other solutions. Specifically, foster care funding represents 65 percent of the Federal funds dedicated to child welfare services, and adoption makes up another 22 percent. In contrast, funding sources that may be used for prevention and reunification services represent only 11 percent of Federal child welfare program funds.

Finally, the current program has not kept pace with best practices in the changing child welfare field. The result is a funding

stream seriously mismatched to current program needs. Over the last few years, we have made great strides toward reorienting child welfare programs to be outcomes focused; however, until the funding is structured to support these outcomes, further improvements will be constrained.

Given the serious weaknesses of the current structure, the need for child welfare financing reform has never been more evident. In order to assist States in assuring positive outcomes for children and families, the President's fiscal year 2006 budget once again proposed to create a Child Welfare Program Option that would permit States to choose to administer their foster care programs more flexibly, with a fixed allocation of funds over a 5-year period. States that choose the program option would be able to use these funds for foster care payments, prevention activities, permanency efforts, training for child welfare staff, and other such service-related child welfare activities.

States that choose not to receive funding provided by this option would continue operating under the current title IV-E entitlement program. While States that choose this option would have much greater flexibility in how they use title IV-E funds, they will continue to be required to maintain the child safety protections under current law.

The proposal also includes a maintenance of effort provision to ensure that States selecting the new option maintain their existing level of investment in the program. The Administration believes that this proposal would offer a powerful new means for States to structure their child welfare services programs in a way that supports the goals of safety, timely permanency, and enhanced well-being for vulnerable children and families.

In closing, I would like to thank the Subcommittee, especially you, Congressman Herger, for your ongoing commitment to improve our Nation's child welfare system and for allowing me to highlight the President's bold vision for strengthening the system through the Child Welfare Program Option. We look forward to working closely with you and the rest of the Committee on this proposal. I am convinced that the result will be a stronger and more responsive child welfare system that achieves better results for vulnerable children and families. Thank you, and I would be pleased to answer any questions you might have.

[The prepared statement of Dr. Horn follows:]

Statement of The Honorable Wade F. Horn, Ph.D., Assistant Secretary for Children and Families, U.S. Department of Health and Human Services

Mr. Chairman and Members of the Subcommittee, I am pleased to appear before you today to discuss the current state of child welfare financing and the need for reform. With what we know about weaknesses in the current child welfare financing structure, we are convinced that the reform envisioned by the President's child welfare program option is critical to achieving better results for vulnerable children and families.

Currently, the Federal Government spends approximately \$5 billion per year to reimburse States for a portion of their annual foster care expenditures. Foster care services are intended to provide temporary, safe alternative homes for children who have been abused or neglected until they can safely return home or be placed in other permanent homes. Federal foster care funds, authorized by the Social Security Act, are paid to States on an uncapped, "entitlement" basis. This means that any qualifying expenditure by a State will be partially reimbursed, or "matched" without limit. Over the years, layers upon layers of regulations and policy interpretation

have been developed to define which expenses qualify for reimbursement. Although each may have made sense individually, cumulatively this represents a level of complexity and burden that fails to support the program's basic goals of safety, permanency and child well-being.

I will use my time today to provide a brief overview of the funding structure for the title IV-E Federal foster care program, and share what the Administration believes are key inherent weaknesses of the program and how the President's proposal to establish a Child Welfare Program Option would address these weaknesses. Additional detail on each of these issues is available in an analysis of Federal foster care financing being released by HHS today.

Background of Title IV-E Foster Care

The Federal Government has, since 1961, shared the cost of foster care services with States. Prior to this time foster care was entirely a State responsibility. From 1961 until 1980, foster care funding was part of the Federal welfare program, Aid to Families with Dependent Children (AFDC), originally known as Aid to Dependent Children (ADC). However, since 1980, foster care funds have been authorized separately, under title IV-E of the Social Security Act.

From 1980 to 1996, States could claim reimbursement for a portion of foster care expenditures on behalf of children removed from homes that were eligible for the pre-welfare reform AFDC program as long as their placements in foster care met several procedural safeguards. While the underlying AFDC program was abolished in 1996 and replaced by the Temporary Assistance for Needy Families Program (TANF), income eligibility criteria for title IV-E foster care continues to follow the old AFDC criteria as it existed prior to the enactment of the TANF program.

The major appeal of the current program has always been that, as an entitlement, funding levels were supposed to adjust automatically to respond to changes in "need." However, we do not believe that under current conditions—with the link to old AFDC eligibility criteria, these adjustment features respond appropriately and equitably to reflect true changes in need.

Key Weaknesses of Current Structure

There are six key weaknesses that we have identified with the current child welfare financing structure:

1. The program has evolved to include complex documentation requirements;
2. There are widely different claiming practices among States;
3. The current funding structure has not resulted in high quality services;
4. There seems to be no relationship between State claims and service quality or outcomes;
5. The current program structure is inflexible and emphasizes foster care over other solutions; and
6. The current program has not kept pace with best practices in the changing child welfare field.

I would now like to address each of these weaknesses in more detail. First, documenting eligibility and claiming foster care funds is burdensome for States. There are four categories of expenditures for which States may claim Federal funds, each matched at a different rate. In addition, there are several statutory eligibility rules that also must be met in order to justify claims made on a child's behalf. Some apply at the time a child enters foster care, while others must be documented on an ongoing basis. The time and costs involved in documenting and justifying claims is significant. In addition, the process also frequently results in contentious disallowances, appeals, and litigation.

Second, differing claiming practices result in wide variations in funding among States. Based upon three year average claims from FY 2001 through FY 2003, the average annual amount of total Federal foster care funds received by States ranges from \$4,155 to \$41,456 per title IV-E eligible child, with a median of \$15,914. The range in the maintenance claims was \$2,829 to \$22,418 per title IV-E eligible child with a median of \$6,546. Claims for child placement services and administration ranged from \$1,190 to \$23,724 per title IV-E eligible child with a median value of \$6,909. These figures represent only the Federal share of title IV-E costs; if one were to include the State share in these calculations, the expenditure figures would be substantially higher.

It is unlikely that disparities this large are the result of actual differences in the costs of operating foster care programs or reflect differential needs among foster children. Some States are quite conservative in their claims, counting only children in clearly eligible placements and defining administrative costs narrowly. Other States have more aggressively pursued administrative processes necessary to justify

more extensive claims. Variation in States' claiming practices may be seen most clearly in the relationship between claims for title IV-E maintenance and title IV-E administrative costs. Six States claim less than 50 cents in title IV-E administrative costs for every dollar they claim in title IV-E maintenance, while nine others claim more than two dollars in title IV-E administrative costs per every title IV-E maintenance dollar.

Third, the current structure has not resulted in high quality services. Strengths and weaknesses of States' child welfare programs are identified through the Child and Family Services Reviews (CFSR). States reviewed have ranged from meeting standards in one to nine of the 14 outcomes and systemic factors examined. Significant weaknesses are evident in programs across the nation.

Fourth, we have been able to document through the CFSR that State title IV-E claims bear little relationship to service quality or outcomes. There are States with both high and low levels of Federal title IV-E claims at each level of performance on these reviews. In addition, there is no relationship between the amounts States claim and the proportion of children for whom timely permanency is achieved. Wide disparities in Federal claims might be viewed in a favorable light if States were achieving better outcomes with higher spending; however, this argument does not hold up to scrutiny in the face of the CFSR results. Average per-child claims did not differ appreciably between the highest and lowest performing states. In fact, the CFSR findings were disappointing even for States with relatively high costs.

Fifth, the current structure is highly inflexible, and places an emphasis on foster care over other solutions and services that would either prevent the child's removal from the home or speed up permanency efforts. Specifically, foster care funding represents 65 percent of Federal funds dedicated to child welfare purposes, and adoption assistance makes up another 22 percent. In contrast, funding sources that may be used for preventive and reunification services represent only 11 percent of Federal child welfare program funds.

Lastly, the current financing structure has not kept pace with changes in the child welfare field, including the growing role of kinship foster care, the significant extent to which parental substance abuse often underlies the abuse and neglect of children, and the field's increased emphasis on permanency planning for children in foster care. The result is a funding stream seriously mismatched to current program needs. From complex eligibility criteria based in part on a program (i.e., AFDC) that no longer exists, to intricate claiming rules, it is clear that the current system of title IV-E funding is driven by process rather than outcomes.

Over the last few years, we have made great strides towards re-orienting child welfare programs to be outcomes focused. However, until the funding is structured to support these outcomes, further improvements will be constrained.

Child Welfare Program Option

Given the serious weaknesses of the current structure, the need for child welfare financing reform has never been more evident. In order to assist States in ensuring positive outcomes for children and families, the President's Fiscal Year 2006 budget once again proposes to create a Child Welfare Program Option that would permit States to choose to administer their foster care programs more flexibly, with a fixed allocation of funds over a five-year period, should this approach better support their unique child welfare needs. This concept was first proposed in FY 2004 and we continue to believe this option offers a number of distinct advantages over both current law and traditional block grants that have been considered in the past.

The Program Option provides States with greater flexibility so they can design more effective ways to strengthen services to vulnerable children and families. States that choose the Program Option would be able to use funds for foster care payments, prevention activities, permanency efforts, training for child welfare staff, and other such service-related child welfare activities. States that choose not to receive funding provided by this option would continue operating under the current title IV-E entitlement program.

While States that choose this option would have much greater flexibility in how they use title IV-E funds, they would continue to be required to maintain the child safety protections under current law, including requirements for conducting criminal background checks and licensing foster care providers, obtaining judicial oversight over decisions related to a child's removal and permanency, meeting permanency timelines, developing case plans for all children in foster care, and prohibiting race-based discrimination in foster and adoptive placements. The proposal also includes a maintenance-of-effort requirement to ensure that States selecting the new option maintain their existing level of investment in the program.

In addition to providing a new option for States, the President's proposal includes a \$30 million set-aside for Indian Tribes or consortia that can demonstrate the capacity to operate a title IV-E program. Currently Tribes are not eligible to receive title IV-E funding, although some Tribes are able to access funds through agreements with States.

The Administration believes that this proposal would offer a powerful new means for States and Tribes to structure their child welfare services program in a way that supports the goals of safety, timely permanency and enhanced well-being for vulnerable children and families.

Conclusion

In closing, I would like to thank the Subcommittee, especially you Congressman Herger, for your ongoing commitment to improving our Nation's child welfare system and for allowing me to highlight the President's bold vision for strengthening the system through the Child Welfare Program Option. We look forward to working closely with you on this proposal. I am convinced that the result will be a stronger and more responsive child welfare system that achieves better results for vulnerable children and families.

I would be pleased to answer questions at this time.

ASPE ISSUE BRIEF

Office of the Assistant Secretary for Planning and Evaluation Office of Human Services Policy— U.S. Department of Health and Human Services

ABOUT THIS ISSUE BRIEF

This ASPE Issue Brief on "How and Why the Current Funding Structure Fails to Meet the Needs of the Child Welfare Field" was written by Laura Radel with assistance from staff in the Administration for Children and Families.

The Issue Brief provides an overview of the financing of the Federal foster care program, documenting and explaining several key weaknesses in the current funding structure. It also discusses the Administration's alternative financing proposal, the creation of a Child Welfare Program Option, which would allow States to choose between financing options.

Office of the Assistant Secretary for Planning and Evaluation
Office of Human Services Policy

U.S. Department of Health and Human Services
Washington, DC 20201

Michael J. O'Grady, Ph.D.
Assistant Secretary

Barbara B. Broman
Acting Deputy Assistant Secretary for Human Services Policy

FEDERAL FOSTER CARE FINANCING

How and Why the Current Funding Structure Fails to Meet the Needs of the Child Welfare Field

This Issue Brief provides an overview of the Title IV-E Federal foster care program's funding structure and documents several key weaknesses.

Executive Summary

The Federal foster care program pays a portion of States' costs to provide care for children removed from welfare-eligible homes because of maltreatment. Authorized under Title IV-E of the Social Security Act, the program's funding (approximately \$5 billion per year) is structured as an uncapped entitlement, so any qualifying State expenditure will be partially reimbursed, or "matched," without limit. This paper provides an overview of the program's funding structure and documents several key weaknesses. It concludes with a discussion of the Administration's legislative proposal to establish a more flexible financing system.

The program's documentation requirements are burdensome. There are four categories of expenditures for which States may claim Federal funds, each

matched at a different rate. In addition, there are several statutory eligibility rules that must be met in order to justify the Title IV-E claims made on a child's behalf. Some of these apply at the time a child enters foster care, while others must be documented on an ongoing basis. The time and costs involved in documenting and justifying claims is significant.

Differing claiming practices result in wide variations in funding among States. The average annual amount of Federal foster care funds received by States ranges from \$4,155 to \$41,456 per eligible child, based on three year average claims from FY2001 through FY2003. It is unlikely these disparities are the result of actual differences in the cost of operating foster care programs or reflect differential needs among foster children.

The current funding structure has not resulted in high quality services. Strengths and weaknesses of States' child welfare programs are identified through Federal monitoring visits called Child and Family Services Reviews. States reviewed have ranged from meeting standards in 1 to 9 of the 14 outcomes and systemic factors examined (the median was 6). Significant weaknesses are evident in programs across the nation, but many of the improvements needed cannot be funded through Title IV-E.

States' Title IV-E claiming bears little relationship to service quality or outcomes. There are States with both high and low levels of Federal Title IV-E claims at each level of performance on Child and Family Services Reviews. In addition, there is no relationship between the amounts States claim in Title IV-E funds and the proportion of children for whom timely permanency is achieved.

The current funding structure is inflexible, emphasizing foster care. Title IV-E funds foster care on an unlimited basis without providing for services that would either prevent the child's removal from the home or speed permanency. Foster care funding represents 65% of Federal funds dedicated to child welfare purposes, and adoption assistance makes up another 22%. Funding sources that may be used for preventive and reunification services represent only 11% of Federal child welfare program funds.

The financing structure has not kept pace with a changing child welfare field. The structure of the Title IV-E program has continued without major revision since it was created in 1961, despite major changes in child welfare practice. The result is a funding stream seriously mismatched to current program needs. It is driven towards process rather than outcomes and constrains agencies' efforts to achieve improved results for children.

The proposed Child Welfare Program Option offers substantial benefits. The Child Welfare Program Option, first proposed in HHS's Fiscal Year 2004 budget request and currently included in the President's Fiscal Year 2006 budget request, would allow States a choice between the current Title IV-E program and a five-year capped, flexible allocation of funds equivalent to anticipated Title IV-E program levels. It would allow innovative State and local child welfare agencies to eliminate eligibility determination and claiming functions and redirect funds toward services and activities that more directly achieve safety, permanency and well-being for children and families.

The combination of detailed eligibility requirements and complex but narrow definitions of allowable costs within the Federal Title IV-E foster care program force a focus on procedure rather than outcomes for children and families. The Administration's proposed Child Welfare Program Option is intended to introduce flexibility while maintaining a focus on outcomes, retaining existing child protections, and providing a financial safety net for States in the form of access to the TANF Contingency Fund during unanticipated and unavoidable crises. The result will be a stronger and more responsive child welfare system that achieves better results for vulnerable children and families.

Introduction

The Federal Government currently spends approximately \$5 billion per year to reimburse States for a portion of their annual foster care expenditures. Foster care services are intended to provide temporary, safe alternative homes for children who have been abused or neglected until such time as they are able to return to their parents' care safely or can be placed in other permanent homes. Federal foster care funds, authorized under Title IV-E of the Social Security Act, are paid to States on an uncapped, "entitlement" basis, meaning any qualifying expenditure by a State will be partially reimbursed, or "matched," without limit. Definitions of which expenses qualify for reimbursement are laid out in regulations and policy interpretations that have developed, layer upon layer, over the course of many years. Each may have made sense individually, but cumulatively they represent a level of com-

plexity and burden that fails to support the program's basic goals of safety, permanency, and child well-being.

This paper provides an overview of the current funding structure, and documents several key weaknesses. In essence, the paper shows that: (1) The current financing structure is connected to the old Aid to Families with Dependent Children program (AFDC) for historical, rather than programmatic reasons; (2) The administrative paperwork for claiming Federal funds under Title IV-E is burdensome; (3) Current funding is highly variable across States; (4) Child welfare systems claiming higher amounts of Federal funds per child do not perform substantially better or achieve better outcomes for children than those claiming less funding; (5) The current funding structure is inflexible and emphasizes foster care payments over preventive services; and (6) The financing structure has not kept pace with a changing child welfare field. The paper concludes with a discussion of the Administration's proposal to establish a Child Welfare Program Option, allowing States to receive their foster care funds in a fixed, flexible allocation as an alternative to the current mode of financing.

Background and History of Title IV-E Foster Care

The Federal Government has, since 1961, shared the cost of foster care services with States. Prior to this time foster care was entirely a State responsibility. Since its very first days foster care funding was intimately linked to Federal welfare benefits, then known as the Aid to Dependent Children Program, or ADC. In fact, the Federal foster care program was created to settle a dispute with the States over welfare payments to single-parent households. At the time, some States routinely denied welfare payments to families with children born outside of marriage. These States had declared such homes to be morally "unsuitable" to receive welfare benefits. Following a particularly extreme incident in which 23,000 Louisiana children were expelled from ADC, the Federal Department of Health, Education, and Welfare (HEW), in what came to be known as the Flemming Rule after then-secretary Arthur Flemming, directed States to cease enforcement of the discriminatory suitable homes criteria unless households were actually unsafe for children. If homes were unsafe, States were required to pay families ADC while making efforts to improve home conditions, or place children in foster care. When States protested the added costs of protecting children in unsafe homes, Congress reacted by creating Federal foster care funding. In this way, the Federal Government ensured States would not be disadvantaged financially by protecting children (Frame 1999; Committee on Ways and Means 1992).

From 1961 until 1980, Federal foster care funding was part of the Federal welfare program, Aid to Families with Dependent Children (AFDC). Since 1980, however, foster care funds have been authorized separately, under Title IV-E of the Social Security Act. From 1980 through 1996, States could claim reimbursement for a portion of foster care expenditures on behalf of children removed from homes that were eligible for the pre-welfare reform AFDC program, so long as their placements in foster care met several procedural safeguards. While the underlying AFDC program was abolished in 1996 in favor of the Temporary Assistance for Needy Families Program (TANF), income eligibility criteria for Title IV-E foster care continues to follow the old AFDC criteria as they existed just before welfare reform was enacted. States are reimbursed on an unlimited basis for the Federal share of all eligible expenses.

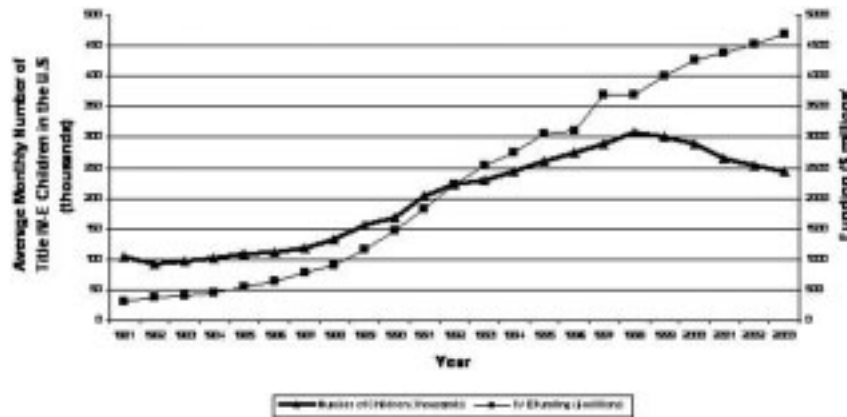
It should be noted that while Title IV-E eligibility is often discussed as if it represents an entitlement of a particular child to particular benefits or services, it does not. Instead, a child's Title IV-E eligibility entitles a State to Federal reimbursement for a portion of the costs expended for that child's care.

Title IV-E remained little changed from its inception in 1980 until the passage of the Adoption and Safe Families Act in 1997 (ASFA). With ASFA, Congress responded to concerns that children were too often left in unsafe situations while excessive and inappropriate rehabilitative efforts were made with the family. It also addressed what was at least a perceived reluctance on the part of child welfare agencies and judges to seek terminations of parental rights and adoption in a timely fashion when reunification efforts were unsuccessful. ASFA clarified the central importance of safety to child welfare decision making and emphasized to States the need for prompt and continuous efforts to find permanent homes for children. These permanent homes might be with their birth families if that could be accomplished safely, or with adoptive families or permanent legal guardians if it could not. ASFA, together with related activity to improve adoption processes in many States, is widely credited with the rapid increases in adoptions from foster care in the years since the law was passed.

ASFA's emphasis on permanency planning has contributed to increasing exits from foster care in recent years, both to adoptive placements and to other destinations including reunifications with parents and guardianships with relatives. Combined with relatively flat numbers of foster care entries, the number of children in foster care has begun to decline, the first sustained decrease since the program was established.

State claims under the Title IV–E foster care program have always grown more quickly than the population of children served. But the recent declines in the number of children in foster care have substantially curbed the tremendous growth the program experienced during the 1980s and 1990s. The number of children in foster care began declining slowly in 1999 after more than doubling in the preceding decade. Federal foster care program expenditures grew an average of 17 percent per year in the 16 years between the program's establishment and the passage of the Adoption and Safe Families Act (ASFA) in 1997. During that period, in only 3 years did growth dip below 10 percent. However, in the five years since ASFA was enacted, program growth has averaged only 4 percent per year. While some of the growth through 1997 paralleled an increasing population of children in foster care, spending growth far outpaced growth in the number of children served. Improvements in States' ability to claim reimbursement and expanded definitions of administrative expenses in the program also contributed to funding growth. Figure 1 displays the growth in foster care expenditures and the number of children in foster care funded by Title IV–E.

Figure 1. Federal Claims and Caseload History for Title IV–E Foster Care



The major appeal of the Title IV–E program has always been that, as an entitlement, funding levels were supposed to adjust automatically to respond to changes in “need,” as represented by State claims. Annual discretionary appropriations were unnecessary to accommodate changing circumstances such as a larger population of children in foster care. The automatic adjustment features of the entitlement structure remain a strength, however, only so long as they respond appropriately and equitably to factors that reflect true changes in need and that promote the well-being of the children and families served. There is little reason to assume this is true at present. Figure 1 shows that funding levels and caseloads have not closely tracked one another for over a decade, and indeed since 1998 have been moving in opposite directions.

Documenting Eligibility and Claiming Foster Care Funds is Burdensome

In order to receive Federal foster care funds, States are required to determine a child's eligibility, and must document expenditures made on behalf of eligible children. This documentation becomes the basis for expenditure reports that are filed quarterly with the Federal Government. The Federal share of eligible expenditures may then be “drawn down” (i.e. withdrawn from Federal accounts) by States. While good estimates of the time and costs involved in documenting and justifying claims are not available, such costs can be significant.

As laid out in law and regulations, there are four categories of expenditures for which States may claim Federal funds. Each of these is matched at a particular rate that varies from category to category. In addition, the match rate for foster care

maintenance payments varies from State to State and may be adjusted from year to year. These categories are:

- **foster care maintenance payments** for eligible children (matched at the Medicaid rate which varies by State and by year, but currently ranges from 50 to 80%)
- **short- and long-term training** for State and local agency staff who administer the Title IV–E program, including those preparing for employment by the State agency, as well as for foster parents and staff of licensed child care institutions in which Title IV–E eligible children reside (75% Federal match)
- **administrative expenditures** necessary for the proper and efficient administration of the program (50% Federal match)
- **costs of required data collection systems** (50% Federal match)

With so many different categories of expenses, each matched at a different rate, States must accurately track spending in each of these categories and attribute how much of their efforts in each category are being made on behalf of eligible children. States report that doing so is cumbersome, prone to dispute, and does not accomplish program goals. Adding an additional layer of complexity, costs must be allocated to those programs which benefit from the expenditures, a standard practice in Federal programs. A State’s cost allocation plan is approved by the Federal Government and distributes expenses that relate to multiple programs and functions.

The categories of administrative and training expenses are typically the most difficult to document and the most often disputed. Federal regulations (45 CFR 1356.60) provide the following examples of allowable administrative expenses:

- eligibility determination and re-determination, plus related fair hearings and appeals
- referral to services
- preparation for and participation in judicial determinations
- placement of the child
- development of the case plan
- case reviews
- case management and supervision
- recruitment and licensing of foster homes and institutions
- rate setting
- a proportionate share of agency overhead
- costs of data collection systems

There is an ambiguous dividing line between an administrative expense such as case management and ineligible service costs, such as counseling. Such activities may be performed by the same staff and sometimes in the same session with a client. This makes accurate claiming difficult and gives rise to frequent disputes about allowable expenditures. For this reason, administrative costs are much more frequently the subject of disallowances than are other funding categories.

The ability of States to claim Title IV–E funds spent on training activities is confounded by statutory and regulatory provisions that are mismatched with how State agencies currently operate their programs. For instance, while many States now contract with private service providers for administrative functions such as those listed above, they receive lower rates of Federal reimbursement of their costs for training these workers to perform these functions. Only costs incurred by the State in the training of State and local agency workers and those preparing for employment with the state agency can be reimbursed under Title IV–E at the enhanced, 75 percent match rate (rather than the 50 percent match rate for administrative expenses). Furthermore, only public funds or expenditures can be used to match Title IV–E training funds. It is common practice to consider the staff time and other resources of a state university as match for Federal funds when training child welfare agency employees. However, this practice disadvantages States that utilize private colleges and universities for training and limits the training resources available, particularly in rural States where the number of State universities and colleges are limited and at great distances from those people requiring the training.

Just as claiming rules are complex, requirements for children’s Title IV–E eligibility are also cumbersome. Several eligibility requirements must be met in order to justify the Title IV–E claims made on a child’s behalf. These are described in the text box below. Some of these apply at the time a child enters foster care, while others must be documented on an ongoing basis. Most of these are procedural requirements intended to protect children from potential harm caused by inattentive agencies and systems. It is unclear, however, that they function reliably as eligibility criteria. For example, the fact that judicial determinations routinely include “reasonable efforts” and “contrary to the welfare” determinations may represent a judge’s

careful consideration of these issues, or may simply appear because prescribed language has been automatically inserted into removal orders. These process requirements were essential when Federal oversight was limited to assuring the accuracy of eligibility determinations. However, now that the Child and Family Review process (discussed in some detail in a later section) provides comprehensive assessments of States' child welfare programs, some of what are currently individual eligibility criteria could be addressed more effectively as part of the systemic assessment process.

The eligibility criterion that is most routinely criticized by States and child welfare advocates is the financial need criteria as was in effect under the now-defunct AFDC program. As noted above, this requirement relates to the historical origins of the foster care program as part of the welfare system. However, there is no policy reason that the Federal Government should "care" (in monetary terms) more about children in imminent danger of maltreatment by parents who are poor than it does about children whose parents have higher incomes. The requirement is particularly peculiar because the AFDC program was eliminated in favor of Temporary Assistance for Needy Families in 1996. Therefore the means test used for Title IV-E no longer parallels the income and asset limits for existing welfare programs. And since this so-called "look back" provision did not index the 1996 income and asset limits for inflation, over time their value will be further eroded. Fewer children will be eligible for Title IV-E in the future as income limits for the program remain static while inflation raises both incomes and the poverty line.

That each child's eligibility depends on so many factors, some of which may change from time to time, makes Title IV-E a potentially error-prone program to which there is recurrent pressure for accuracy, close procedural scrutiny, and the taking of disallowances. On the other hand, the potentially large sums involved mean that disallowances are met with procedural disputes, appeals, and protests from agency directors, legislators, and governors. Yet it is not at all clear that the time and effort spent tracking eligibility criteria results in better outcomes for children. For all the complexity of the eligibility process, the number of States out of compliance is actually quite low.

Eligibility Requirements for Title IV-E Foster Care

Contrary to the welfare determination. A child's removal from the home must be the result of a judicial determination to the effect that continuation in the home would be contrary to the child's welfare, or that placement in foster care would be in the best interest of the child. Children in foster care as a result of a voluntary placement agreement are not subject to this requirement.

Reasonable efforts determination. The State agency must obtain a judicial determination within 60 days of a child's removal from the home that it has made reasonable efforts to maintain the family unit and prevent the unnecessary removal of a child from home, as long as the child's safety is ensured. In addition, there must be ongoing documentation that the State is making reasonable efforts to establish and finalize a permanency plan in a timely manner (every 12 months).

State agency placement and care responsibility. The State child welfare agency must have responsibility for placement and care of the child. Usually this means the child is in the State's custody. A tribal agency or other public agency may have responsibility for the child's placement and care if there is a written agreement to that effect with the child welfare agency.

Pre-welfare reform AFDC eligibility. The State must document that the child was financially needy and deprived of parental support at the time of the child's removal from home, using criteria in effect in its July 16, 1996 State plan for the Aid to Families with Dependent Children program. Income eligibility and deprivation must be re-determined annually.

Licensed Foster Family Home or Child Care Institution. The child must be placed in a home or facility that meets the standards for full licensure or approval that are established by the State.

Criminal background checks or safety checks. The State must provide documentation that criminal records checks have been conducted with respect to prospective foster and adoptive parents and safety checks have been made regarding staff of child care institutions.

Special Requirements in the Case of Voluntary Placements. If a child is placed in foster care under a voluntary placement agreement, Title IV-E eligibility rules apply slightly differently. Determinations that remaining in the home is contrary to the child's welfare and that reasonable efforts have been made to prevent placement are not required in these cases. However, if the child is to remain in care beyond 180 days, a judicial determination is required by that time indicating that continued voluntary placement is in the child's best interests.

Compliance with eligibility rules is monitored through Title IV-E Eligibility Reviews that have been conducted since 2000. Fifteen of the forty-four States reviewed by the end of 2003, plus the District of Columbia and Puerto Rico, were found not to be in substantial compliance with IV-E eligibility rules. The remainder had minimal errors in their eligibility processes and were generally operating within program eligibility rules. Even among the States required to implement corrective action plans, several are not far from compliance levels.

Of those States not in substantial compliance, the pattern of errors varied. The most widespread problems relate to reasonable efforts to make and finalize permanency plans. Ten states had large numbers of errors in this category and 44% of all errors involved reasonable efforts violations. In most cases these are cases with late or absent permanency hearings; that is, States were not operating within the time frames laid out by the Adoption and Safe Families Act. Four States had frequent licensing problems, usually that children were placed in unlicensed foster homes (23% of all errors). Three States had significant errors related to the application of pre-welfare reform AFDC eligibility criteria (11% of all errors). Two States had quite a few missing criminal background checks on foster parents (8% of all errors). There were very few errors with respect to "contrary to the welfare" determinations, placement and care responsibility, or extended voluntary placements. A full listing of errors documented in eligibility reviews through Fiscal Year 2003 appears in Table 1.

Differing Claiming Practices Result in Wide Variations in Funding Among States

States vary widely in their approaches to claiming Federal funds under Title IV-E. Some are quite conservative in their claims, counting only children in clearly eligible placements and defining administrative costs narrowly. Other States have become more skilled in the administrative processes necessary to justify more extensive Title IV-E claims. Further, not all States have the financial means or budgetary inclination to invest in the full array of foster care related services for which Federal financial participation might be available. The result of these different approaches is a complex pattern of Title IV-E claims covering a great range of funding levels. However, the disparities in Title IV-E claiming are so wide and so lacking in pattern as to undermine the rationale for the complex claiming rules.

Figure 2 shows the average amount of funds each State claimed from the Federal Government for Title IV-E foster care during FY2001 through FY2003, shown as dollars per Title IV-E eligible child so as to make the figures comparable across States. That is, for each State the three year average annual Federal share in each spending category is divided by the three year average monthly number of Title IV-E eligible children in foster care, to give an average, annualized cost per child. Three year averages are used to smooth out claiming anomalies that may occur in a single year because of extraordinary claims or disallowances.

There is a wide range in the amounts claimed as well as in the division of claims between maintenance payments and the category that includes both child placement services and administration. These are the two principal claiming categories. The remaining categories, training and demonstrations, were relatively small in most States. Spending on State Automated Child Welfare Information Systems (SACWIS) has been excluded since these system development costs can vary substantially from year to year in ways unrelated (at least in the short term) to services for children.

Total Federal claims per Title IV-E child (averaged across three years), excluding funds for the development of State Automated Child Welfare Information Systems (SACWIS), ranged from \$4,155 to \$41,456. The median value was \$15,914. The range in maintenance claims was \$2,829 to \$22,418 per Title IV-E child, with a median of \$6,546. Claims for child placement services and administration ranged from \$1,190 to \$23,724 per Title IV-E child, with a median value of \$6,909. These per-child amounts reflect only the Federal share of Title IV-E costs, which vary according to the match rates used for different categories of expenses. If one were to include the State share in such calculations, the expenditure figures would be substantially higher. This discussion has been framed in terms of the variation in Federal share so as to best illustrate and isolate issues related to the Federal funding rules.

State Found Not in Compliance	Number Cases Found Ineligible	Licensing Problems	Lacking Criminal Background Checks	Reasonable Efforts Violations	Missing Contrary to the Welfare Determinations	Child Welfare Agency Lacks Placement and Care Responsibility	Extended Voluntary Placement w/out Court Approval	1996 AFDC Criteria Not Met	Disallowance Amount
New Jersey 2000 Initial Primary (IP)	44	33	0	14	0	4	3	3	\$269,903
Kansas 2000 IP	16	6	0	6	7	0	0	10	\$74,265
Maine 2001 IP	24	22	0	3	0	2	0	3	\$182,737
Hawaii 2001 IP	25	0	18	1	0	2	1	3	\$238,432
Iowa 2001 IP	22	0	3	6	6	0	0	15	\$156,915
Vermont 2002 IP	26	2	0	4	7	4	0	14	\$312,918
Maryland 2002 IP	37	3	1	36	1	0	0	1	\$601,820
Wisconsin 2002 IP	23	3	0	13	4	2	2	1	\$206,833
New York 2003 IP	31	0	0	26	7	4	2	5	\$806,811
New Jersey 2003 Secondary	56	27	4	36	5	6	7	1	\$6,220,853
District of Columbia 2003 IP	54	39	24	19	4	7	1	2	\$1,416,169
Puerto Rico 2003 IP	70	17	7	98	7	0	0	26	\$271,056
Montana 2003 Primary (P)	22	1	0	28	2	1	1	0	\$317,752
West Virginia 2003 P	25	4	0	20	0	0	1	0	\$451,305
Alabama 2003 P	23	2	2	19	1	0	1	1	\$174,856
Mississippi 2003 IP	10	9	0	3	1	0	0	0	\$8,133
Arkansas 2003 IP	10	6	3	0	0	0	0	1	\$67,067
Total Cases with Errors	518								\$11,777,825
TOTAL ERRORS	757	174	62	332	52	32	19	86	
Percent of all errors		23%	8%	44%	7%	4%	3%	11%	

During 2000 to 2003, 50 states plus the District of Columbia & Puerto Rico were reviewed; of these 35 were found to be in substantial compliance and 17 not in substantial compliance.

Six states (PA, MA, FL, TN, MN, & MI) have not been reviewed.

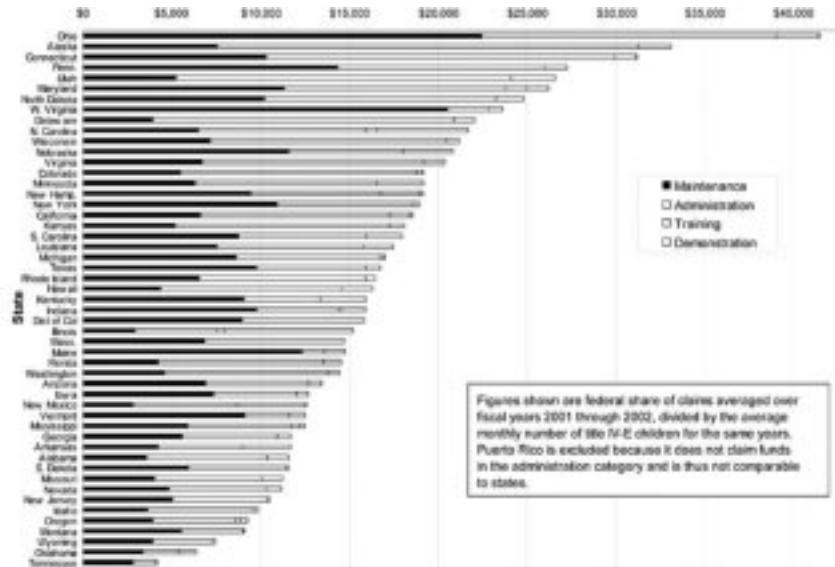
Six states (KS, NJ, WV, AL, TX, & MT) have had an initial primary plus a primary or secondary review.

Substantial compliance is defined as less than 8 errors for an initial primary review or 4 errors in a primary review. In secondary reviews substantial compliance is calculated as a percentage of cases and/or dollars.

Ineligible cases may have more than one error reason.

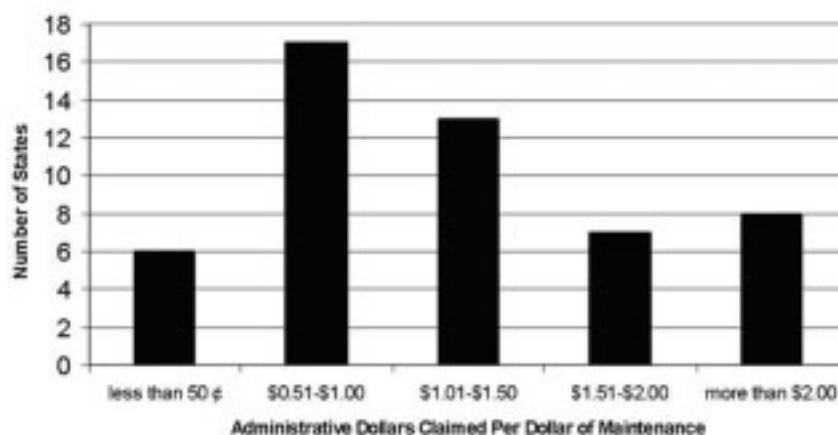
Licensing errors were usually children placed in unlicensed homes. In Maine, most errors were foster homes that lacked a fire inspection. Most reasonable efforts violations were late/absent permanency hearings.

Figure 2. States' Foster Care Claims—Federal Funds (excluding SACWIS) per IV-E Child (average of fiscal years 2001 to 2003)



As shown in figure 3, the balance between maintenance and administrative claims also varies considerably among the States. Claims for child placement and administration vary from 10 cents per dollar claimed of maintenance to \$4.34. Six States claim less than 50 cents in administration for every maintenance dollar claimed, while nine States claim more than \$2 in administration for every dollar of maintenance. These differences reflect the extent to which States use a wide or narrow definition of child placement and administrative costs. In addition, some States claim administrative expenses for non-IV-E children as “Title IV-E candidates” over extended periods of time, even if those children or the placement settings they reside in never qualify under eligibility rules. In such States this drives up administrative costs as a proportion of total Title IV-E payments. A Notice of Proposed Rulemaking published by HHS January 31, 2005 proposes to prohibit this practice except under limited circumstances.

Figure 3. Administrative Dollars Claimed per Dollar of Foster Care Maintenance Varies Widely (calculated on the basis of average claims FY2001 through FY2003)



Below, factors such as the quality of child welfare services are examined in relation to the funding differences across States. Here it is simply observed that the spread of claims is far wider than one would expect to see based on any funding formula one might rationally construct. It is unlikely that differences this large are the result of actual differences either in the cost of operating a foster care program or reflect actual differential needs among foster children across States.

The Current Funding Structure Has Not Resulted in High Quality Services

If State and local child welfare systems were generally functioning well, most of those concerned might take the view that the approximately \$5 billion in Federal funds, and even more in State and local funds, was mostly well spent. In fact, however, knowledgeable observers are hard-pressed to name systems that are functioning well overall. Typically one aspect of an agency's efforts may be lauded, while serious weaknesses are acknowledged in other areas. Even so, good evidence of system performance has, until recently, been hard to come by.

After several years of development and pilot testing, the Children's Bureau in 2000 began conducting Child and Family Services Reviews (CFSRs) in each State. These reviews, which include a data-driven Statewide Assessment and an onsite review visit by Federal and State staff, are intended to identify systematically the strengths and weaknesses in State child welfare system performance. Once areas of weakness are identified, States are required to develop and implement Program Improvement Plans (PIPs) designed to address shortcomings. During onsite reviews, teams examine a sample of case files of children with open child welfare cases and interview families, caseworkers and others involved with these cases to determine whether Federal standards have been met. System stakeholders such as child advocates and judges are also interviewed. In addition to examining practice in specific cases, the reviews also examine systemic factors such as whether the States' case review system, training, and service array are adequate to meet families' needs. Overall, 47 specific factors are rated and then aggregated to assess whether or not "substantial conformity" with Federal requirements is achieved in seven child outcomes and seven systemic factors (shown in the text box below).

Outcomes and Systemic Factors Examined in Child and Family Services Reviews

Outcomes

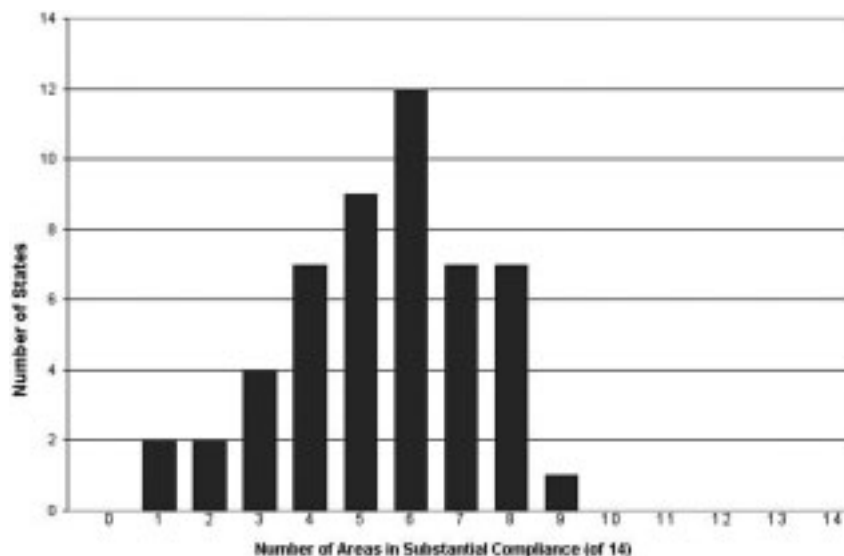
- Children are, first and foremost, protected from abuse and neglect.
- Children are safely maintained in their homes whenever possible and appropriate.
- Children have permanency and stability in their living situations.
- The continuity of family relationships and connections is preserved for children.
- Families have enhanced capacity to provide for their children's needs.
- Children receive appropriate services to meet their educational needs.
- Children receive adequate services to meet their physical and mental health needs.

Systemic Factors

- Statewide Information System
- Case Review System
- Quality Assurance System
- Training
- Service Array
- Agency Responsiveness to the Community
- Foster and Adoptive Parenting Licensing, Recruitment, and Retention

As described above, there are 14 areas in which a State might be determined in or out of substantial compliance during its Child and Family Services Review. Figure 4 shows the distribution of State performance on initial reviews among all 50 States and the District of Columbia. Median State performance was to be in substantial compliance in 6 of 14 areas. States reviewed to date have ranged from meeting standards in 1 area to 9 areas. While simply counting the areas of compliance presents a very general, simplified, and broad-brush approach to evaluating child welfare system quality, the purpose here is not to analyze system performance in any detailed fashion. It is simply to recognize that most States achieved substantial compliance in fewer than half of areas examined, and that all systems reviewed have been in need of significant improvement. Indeed, in the area of permanency and stability in their living situations, an area of crucial importance to children in foster care, no State has yet met Federal standards although a few approach them. Clearly the current Federal funding structure has not, to date, resulted in a child welfare system that achieves outcomes with which we may be satisfied.

Figure 4. Summary of Results for Child and Family Services Reviews (for 50 States plus DC)



States' Title IV-E Claiming Bears Little Relationship to Service Quality or Outcomes

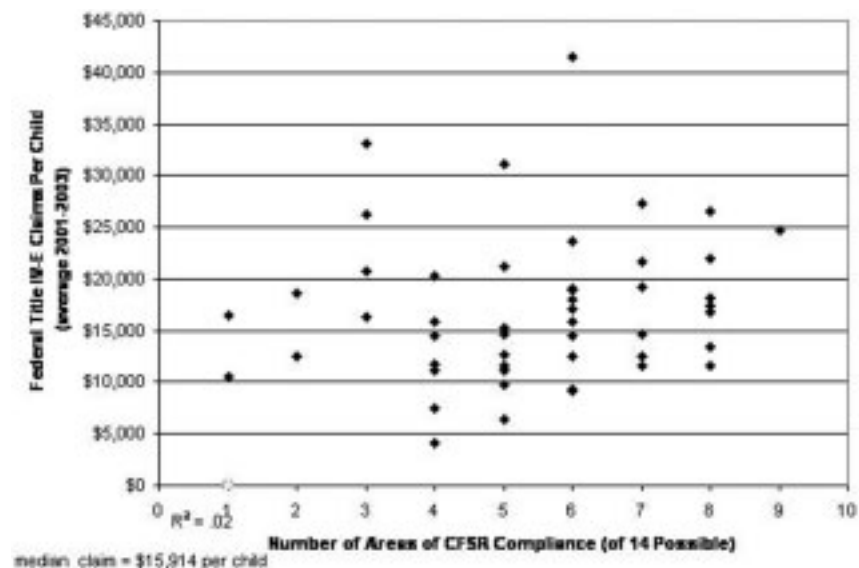
Even if not achieving high quality overall, one might expect and hope that spending variations among States might relate to the overall quality of child welfare systems as revealed in results of the Child and Family Services Reviews. Analyses presented below relate the variations in claiming patterns among States described above to child welfare system performance.

Figure 5 shows per child claims plotted against the number of areas measured in the CFSR in which the State was found to be in substantial compliance. The three states with the highest claims per child were in compliance with 6, 3 and 5 areas respectively of the 14 possible areas of compliance in their first Child and Family Services Review (CFSR). Average per-child claims did not differ appreciably between the highest and lowest performing states. The eight states that were in compliance in the fewest areas (1, 2 or 3 of 14) averaged \$19,293 in Federal funds per Title IV-E child, while the 12 highest performing states (in compliance with 8 or 9 of the 14 areas) averaged claims of \$19,824 per child. There are States with relatively high- and low-Federal claims at each level of CFSR performance.

Claiming levels similarly bear little relationship to States' performance in achieving permanency for children in foster care. Figure 6 plots each State's Federal claims for the Title IV-E foster care program per Title IV-E eligible child against the percentage of children in foster care for whom permanency is achieved. Permanency data, from the States' Child and Family Services Reviews, shows that States' success in either reunifying children with parents within one year or finalizing an adoption within two years of foster care entry varies widely. Six States achieve permanency within these time frames for under one-third of children in foster care, while five either approach or exceed the national standard of 90 percent. Most perform somewhere in between. The wide disparities among States' performance on what is a key child welfare function seem unconnected to the amount of Federal

funds claimed from the major source of Federal child welfare funding, the Title IV-E foster care program.

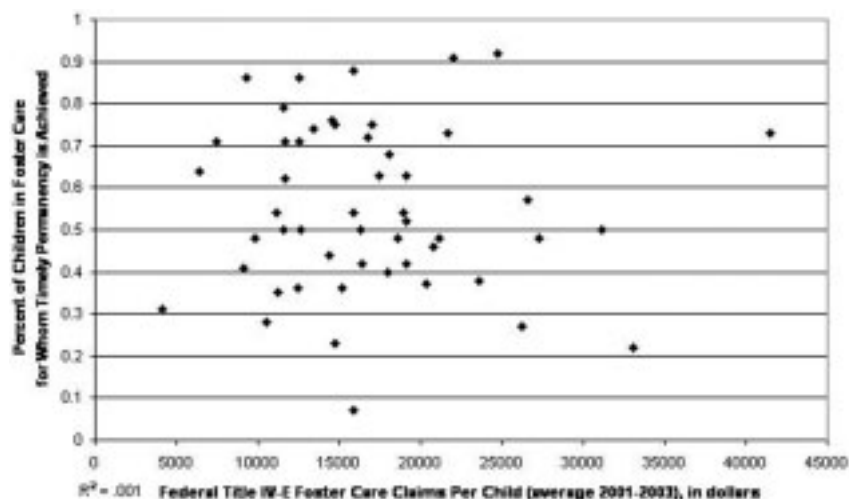
Figure 5. Child and Family Services Review Compliance Is Only Weakly Related to Levels of Title IV-E Foster Care Funds Claimed Per Eligible Child (data shown for 50 States plus DC)



If claims levels are not strongly related to child welfare system quality or outcomes, what other factors might be involved in determining spending? Variation among States in the actual foster care rates paid to families caring for children bears only a weak relationship to per-child foster care claims levels (figure 7). As an example, four of six States with basic maintenance payments in 2000 of less than \$300 per month for a young child had higher than median levels of claims per child. These four States also had higher Federal claims per child than did four of seven States which in 2000 paid basic maintenance rates of higher than \$500 per month for young children. Patterns of residential care use among States are similarly unrelated to claiming disparities.

Wide disparities in Federal claims might be viewed as positive if States were achieving better outcomes with higher spending. This argument does not hold up to scrutiny, however, in the face of Child and Family Services Review results. The findings of these reviews are disappointing even in States with relatively high costs. Of course, because Title IV-E is the focus here, this analysis only includes foster care costs. States' spending on other child welfare services may contribute to performance. The wide variety of these other potential funding sources and their variability among the States, however, makes it quite difficult to examine them in a consistent fashion.

Figure 6. Permanency Outcomes are Unrelated to Levels of State Title IV-E Foster Care Claims (data shown for 50 States plus DC)

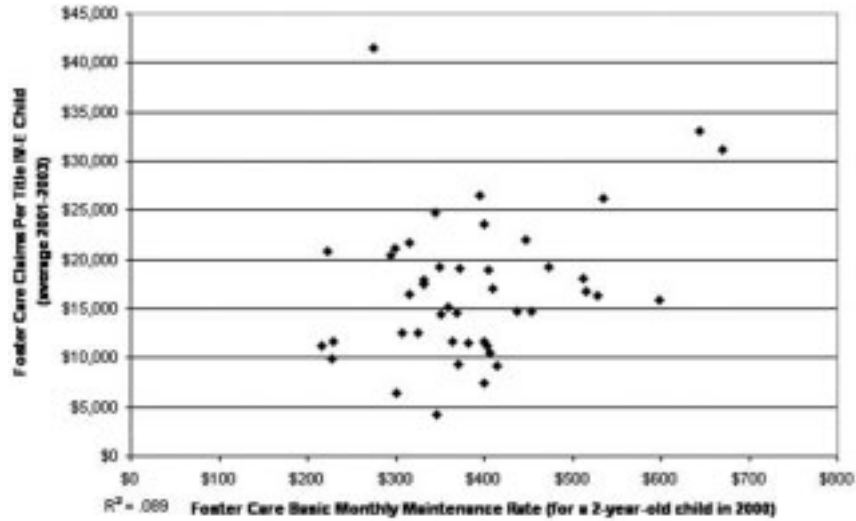


The Current Funding Structure is Inflexible, Emphasizing Foster Care

Title IV-E has long been criticized because it funds foster care on an unlimited basis without providing for services that would either prevent the child's removal from the home or speed permanency (see, for example, The Pew Commission on Children in Foster Care, 2004 and McDonald, Salyers and Shaver 2004). Funding sources for preventive and reunification services, primarily the Child Welfare Services Program and the Promoting Safe and Stable Families Program funded under title IV-B of the Social Security Act, are quite small in comparison with those dedicated to foster care and adoption. As shown in figure 8, foster care funding under Title IV-E made up nearly two-thirds (65%) of Federal funding dedicated to child welfare purposes in Fiscal Year 2004. Adoption Assistance funding (also authorized under Title IV-E) represents another 22%. Funding sources that may be used for preventive services (but which also fund some foster care and adoption related services), including funds from the Title IV-B programs and the discretionary programs funded from authorizations in the Child Abuse Prevention and Treatment Act, represent 11% of Federal child welfare program funds.

Other Federal social services programs such as the Social Services Block Grant (SSBG) and Temporary Assistance for Needy Families (TANF) also fund some services for families experiencing or at risk of child welfare involvement, as can Medicaid. These funding streams are not intended primarily for these purposes, however, and, with the exception of SSBG, available program data does not break out spending on child welfare related purposes. (The Fiscal Year 2002 annual expenditure report for the SSBG program (HHS, 2004) shows that states spent a total of \$634 million in SSBG funds for child welfare services that year.) Surveys and analysis conducted by private research organizations indicate these funding sources provide considerable funding for child welfare services, though much of that is still concentrated on out-of-home care. Studies conducted by the Urban Institute found that in State Fiscal Year 2002 these "non-traditional" Federal child welfare funding sources (primarily SSBG, TANF, and Medicaid) paid for just over \$5 billion in child welfare services. Of this total, \$2.1 billion was spent on out-of-home placements, \$1.3 billion paid for other services including prevention and treatment, \$419 million went to administrative activities, and \$98 million funded adoption services. States were unable to categorize purposes on which the remainder of funds were spent, nearly \$700 million (Scarcella, Bess, Zielewski, Warner and Geen, 2004).

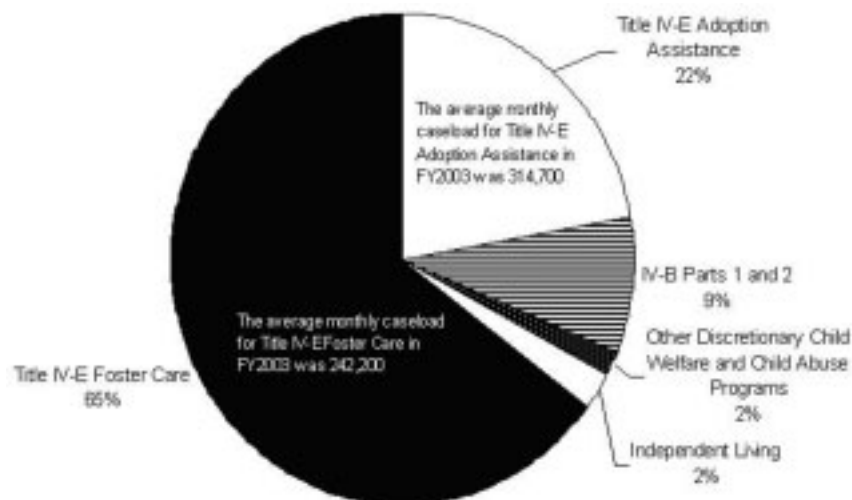
Figure 7. Foster Care Maintenance Rates Are Weakly Related to Foster Care Claims



Some have argued that because foster care is an entitlement for eligible children while service funds are limited, Title IV-E encourages foster care placement. However, it seems unlikely that caseworkers make placement decisions on the basis of children's Title IV-E eligibility, nor is it likely that judges use Title IV-E status as a significant factor in their placement rulings. Indeed, caseworkers and judges are often unaware of children's eligibility status. A lack of available family services, however, could plausibly tip caseworkers' decisions toward placement or delay a child's discharge. Quantifying such effects is difficult, however.

Many in the child welfare field believe that with more flexibility in funding States would devote additional resources to preventive and reunification services, and that better outcomes for children and families could be achieved. Since 1996, Child Welfare Demonstration Projects in 17 States have generated evidence about the effects of allowing State and local agencies to use Federal foster care funds more flexibly, either for children not normally eligible for Title IV-E or for services Title IV-E would not otherwise cover. While most of the States tested a single, specific alternative use for foster care funds, such as guardianship subsidies or improved interventions for parents with substance abuse problems or children with serious mental health conditions, four States are testing broader systems of flexible funding that resemble the Administration's proposal for a Child Welfare Program Option. These demonstrations are operating in Indiana, North Carolina, Ohio, and Oregon. In each case, the State provides counties a fixed allotment of Title IV-E funds which then may be used to pay for services to prevent foster care placement, facilitate reunification, or otherwise ensure safe, permanent outcomes for children.

Figure 8. Federal Child Welfare Funding, FY2004



This chart includes only programs dedicated to child welfare functions. It does not include funding for programs with broader or other purposes of which portions may be used on child welfare functions. For most of these broader programs (such as TANF, Medicaid, and the Social Services Block Grant) federal data cannot reliably identify the portion spent on child welfare. Percentages are calculated from 2004 spending figures shown in the President's FY2006 budget request.

Evaluation results to date are encouraging. While the demonstrations did not always achieve their goals, in no case did outcomes for children deteriorate as a result of increased flexibility. North Carolina found flexible funding contributed to declines in the probability of out-of-home placement following a substantiated child abuse or neglect report. Demonstration counties in Ohio expressed increased support for prevention activities and were more likely than traditionally funded counties to create new or expanded prevention services. And in Oregon, the combination of demonstration funds and the State's System of Care Initiative dramatically improved the likelihood that at-risk children could remain safely in their homes rather than being placed in foster care. It should be noted that demonstration projects did not provide any more Title IV-E funds than the State would have received in the absence of a demonstration. The projects were cost-neutral. States were granted only the flexibility to spend funds in broader ways than is normally allowed.

Flexible spending alone will not address the weaknesses in child welfare systems around the country. But such flexibility can allow strong local leaders to implement practice improvements more easily and thereby generate improved outcomes. Among the types of practice changes implemented in flexible funding demonstrations are strengthened family assessments; enhanced visitation; intensive family reunification services; family decision meetings; and improved access to substance abuse and mental health treatment. That nearly half of States have implemented waiver demonstrations indicates widespread interest in more flexible funding for State child welfare programs. Interest in flexible funding has grown now that many States have successfully implemented new service models while enhancing, or at least not compromising, safety, permanency, and child well-being.

In recognition that flexibility can produce best results when accompanied by enhanced funding, the Bush Administration has consistently supported funding increases for child welfare. In particular, HHS budgets from FY2002 through FY2005 each included substantial proposed increases for the Promoting Safe and Stable Families Program, in the amount of \$1 billion over five years. However, Congress each year appropriated substantially less than the requested amount. For FY2005, the Administration also proposed substantial increases for several key child abuse prevention efforts authorized under the Child Abuse Prevention and Treatment Act, which again were not funded by Congress.

The Financing Structure Has Not Kept Pace with a Changing Child Welfare Field

A great deal has changed in the world of child welfare since the Federal foster care program was established. The program initially created in 1961, however, has continued without major revision to its financing structure. The result is a funding stream seriously mismatched to current program needs. The goals of the child welfare system are to improve the safety, permanency, and well-being of children and families served. By requiring that the great majority of Federal funding for child welfare services be spent only on foster care, the financing system undermines the accomplishment of these goals.

Title IV-E funding was designed with the intention that the program funding would adjust automatically to changes in social need. However, it is difficult to conclude from claims levels that social need has been the driving force behind spending patterns that vary wildly from State to State. Service practices seem to have adjusted to the funding, rather than vice versa. Throughout the program's history, growth far outpaced changes in the population of children being served. And while current growth has slowed considerably, declines in the number of children in foster care have not yet translated into lower program claims. The recent stabilization of the program's funding, however, makes this a good time to re-examine the structure of Title IV-E and whether that funding structure continues to meet the needs of the child welfare field. Since the number of children in foster care is expected to be flat or declining for the foreseeable future, there is less short-term risk in potential financing system changes than is the case when needs are rapidly escalating.

Improved preventive and family support services for children and families at risk of foster care placement, therapeutic care and remediation of problems for families with children in foster care, and post-discharge services for families after children leave out of home care, are each essential to the achievement of the child welfare system's goals. Yet these are precisely the services that Title IV-E is least able to support. The result has been child welfare systems unable to achieve positive outcomes for children. This weak performance has been documented by Child and Family Services Reviews conducted across the nation. But as States develop and implement Program Improvement Plans, Title IV-E funds are largely unavailable to address the challenges.

From complex eligibility criteria based in part on a program that no longer exists, to intricate claiming rules that demand caseworkers' every action be documented and characterized, Title IV-E is a funding stream driven toward process rather than outcomes. With the advent of the Child and Family Services Reviews, and systemic improvements initiated in response to the Adoption and Safe Families Act, Congress and the Department of Health and Human Services have made significant strides toward re-orienting child welfare programs to be outcomes focused. Until the funding is structured to support these outcomes, however, improvements may be constrained.

Proposed Child Welfare Program Option Described

The President's FY2006 budget once again proposes to create a Child Welfare Program Option (CWPO) which would allow States a choice between the current Title IV-E program and a five-year capped, flexible allocation of funds equivalent to anticipated Title IV-E program levels. This concept was first proposed by the President for FY 2004. While the last Congress did not complete work on child welfare financing, the Administration continues to call for consideration of financing reform. The President's proposal has a number of distinct advantages over both current law as well as in contrast to more traditional block grants that have been considered in the past.

The Child Welfare Program Option would allow States to use Title IV-E funds for foster care payments, prevention activities, training, and other service-related child welfare activities—a far broader range of uses than allowed under current law. Increased flexibility will empower States to develop child welfare systems that support a continuum of services for families in crisis and children at risk while being relieved of the administrative burden created by current Federal requirements, including the need to determine the child's eligibility for AFDC.

Child safety protections under current law would continue under the President's proposal. These include requirements for conducting criminal background checks and licensing foster care providers, obtaining judicial oversight of decisions related to a child's removal and permanency, meeting permanency time lines, developing case plans for all children in foster care, and prohibiting race-based discrimination in foster and adoptive placements.

In contrast to some previous flexible funding proposals, the President's Child Welfare Program Option would be an optional alternative to the current financing sys-

tem. States desiring the flexibility it would afford could opt in during the initial program year for a five-year period. State allocations would be based on historic expenditure levels and would be calculated to be cost-neutral to the Federal Government over a five-year period. A State could choose to receive accelerated, up-front funding in the early years of the program in order to make investments in services that are likely to result in cost savings in later years. The proposal includes a maintenance of effort requirement to ensure that those States selecting the new option maintain their existing level of investment in the program. But those States unwilling to accept the risk and the promise of flexibility could choose to continue operating under current program rules.

To address fears that some future social crisis might create unexpected and unforeseeable child welfare needs, the President has also proposed to allow participating States access to the TANF Contingency Fund if unanticipated emergencies result in funding shortfalls. Specific criteria would govern the circumstances under which States could withdraw funds from this source. This feature, too, responds to concerns expressed in past child welfare financing discussions.

The proposal includes two set asides within the Child Welfare Program Option. The first would provide some Tribes direct access to Title IV-E funds. Under current law Tribes may only receive Title IV-E funds through agreements with States. Through a proposed \$30 million set aside in the CWPO, however, tribes demonstrating the capacity to operate foster care programs could receive direct funding to do so and would be subject to similar program requirements as States.

A second set aside would dedicate a relatively small amount of funds to facilitate program monitoring, technical assistance to support the efforts of State and tribal child welfare programs, and to conduct important child welfare research. These funds will ensure that sufficient resources are available to understand how the new option affects child welfare services and outcomes for children and families, and to support States in their efforts to reconfigure programs to achieve better results.

Benefits of the Proposed Child Welfare Program Option

The Child Welfare Program Option would allow innovative State and local child welfare agencies to eliminate eligibility determination and drastically reduce the time now spent to document Federal claims. This effort could then be redirected toward services and activities that more directly achieve safety, permanency and well-being for children and families. Investments in preventive services and improved case planning could also reduce foster care needs. States taking child welfare funds through the Option would be held accountable for their programs through Child and Family Services Reviews and standard audit requirements. But these States would no longer be required to document expenditures in the level of detail now required to justify Federal matching funds. The flexibility afforded by the Option would allow agencies to direct funds to those activities most closely addressing families' needs. HHS could then focus more fully on partnerships with States to achieve positive outcomes for children and families.

The proposed Child Welfare Program Option:

- **Creates Structural Incentives for Better Outcomes.** The CWPO provides incentives for child welfare system improvement because it is through better outcomes that a State would “win” under the program. With a fixed funding level, States would be better off financially if children either stay at home safely, return home quickly, or are placed in adoptive homes (since Adoption Assistance would remain an entitlement). Since these are also the preferred outcomes for children, the program creates structural incentives that are in line with program goals.
- **Facilitates Quality Improvement.** The CWPO would encourage States to fund service improvements, particularly those called for in their Program Improvement Plans (PIPs) by allowing Federal funds to be used for the full range of activities contemplated under the PIPs. In contrast with current law, States operating under the CWPO that are successful in reducing the need for foster care will be able to reinvest their Title IV-E funds in other child welfare services rather than losing them to diminished foster care claims.
- **Reduces Burden.** Under the CWPO, the level of documentation required of States in order to receive Federal child welfare funds would be reduced dramatically. While States would still be required to spend funds on child welfare services, they would no longer need to justify to the Federal Government for funding purposes precisely which services were delivered to which children. State and local funding decisions could in turn be made more in line with the needs of children and families without respect to whether the specific activity were reimbursable under Title IV-E.

- **Increases Flexibility.** The restrictions in current law regarding which child welfare services may be provided with Federal funds constrain State and local decision making regarding service offerings. The increased flexibility afforded by the CWPO will provide officials closest to child welfare cases with additional funding options, potentially leading to a more comprehensive service array for children and families.
- **Promotes Ongoing Programmatic Adaptation and Innovation.** The current system for claiming Federal funds encourages status quo programming through its documentation requirements and close scrutiny of categories in which funding levels change significantly from year to year. States risk disallowances if they change how they claim or the services for which they claim Federal funds. Alternatively, under current law innovation may be implemented without Federal financial participation, a relatively costly option. The CWPO, on the other hand, would enable states to innovate using their Federal foster care funds. Funds could be shifted among child welfare functions without concern for artificial expenditure categories or differential matching rates. The result is likely to be increased attention to outcomes for children and an improved ability to focus funding on strategies most likely to result in improved performance.

This paper has described the funding structure of the Title IV–E foster care program and documented a number of its key weaknesses. In particular, the combination of detailed eligibility requirements and complex but narrow definitions of allowable costs force a focus on procedure rather than outcomes for children and families. Rules which have built up over the years cumulatively fail to support the program's goals of safety, permanency and child well-being. In addition, the restrictiveness of the Federal foster care program prevents States from using these funds, by far the largest source of Federal funding dedicated to child welfare activities, to implement many important elements in their Program Improvement Plans. These plans have been required of all States to address weaknesses in their programs detected during Child and Family Services Reviews. The Administration's proposed Child Welfare Program Option is intended to introduce flexibility while maintaining a focus on outcomes, retaining existing child protections, and providing a financial safety net for states in the form of access to the TANF Contingency Fund during unanticipated and unavoidable crises. The result will be a stronger and more responsive child welfare system that achieves better results for vulnerable children and families.

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- Note on Data Sources:
- Data presented in this report are derived primarily from HHS information sources. Most are publicly available as follows:

- Data on Title IV-E funding and caseload history (figure 1) are from the “2004 Green Book” published by the U.S. House of Representatives Committee on Ways and Means (tables 11-2 and 11-3). Years not included in the 2004 Green Book may be found in the equivalent table from previous editions. The 2004 Green Book is online at: <http://waysandmeans.house.gov/Documents.asp?section=813>.
- Data for 2002 Federal foster care claims is available in 2004 Green Book, table 11-8. Other years used in this report are unpublished HHS data. These data are used in figures 2, 3, 5, 6 and 7.
- Final Reports for Child and Family Services Reviews (which contain data used in figures 4, 5 and 6) and Title IV-E Eligibility Reviews (containing data used in table 1) are available online from the Children’s Bureau within HHS’s Administration for Children and Families at: <http://www.acf.dhhs.gov/programs/cb/cwrp/index.htm>.
- State foster care maintenance rates shown in figure 7 are those reported by the Child Welfare League of America. They are included in the 2004 Green Book, table 11-9.
- Data on child welfare funding in figure 8 are derived from 2004 actual figures shown in HHS’s FY2006 Budget. Available online at <http://www.hhs.gov/budget/docbudget.htm>.

Chairman HERGER. Thank you, Dr. Horn. I think your closing sentence really sums it up. All of us, even though we might have different opinions on how to reach the results, are united that this is a system that we need to work together to fix. I am convinced there isn’t anyone in any of these States that is involved in any of these programs who does not have the right intentions of making it work. The fact is, it is not working; and working together with Mr. McDermott and yourself and the Administration and all of us is the only way we can do that.

My concern is, we have gone on for too many years talking about this and yet not taking the steps to actually make sure we have the results with these young children, that they deserve and, certainly, the American taxpayers demand. The gentlelady from Connecticut, to inquire.

Mrs. JOHNSON. Thank you, and welcome, Dr. Horn. How much do we know about these numbers? If they range from over \$4,000 to a little over \$41,000, do we know how much goes to the foster care family, how much goes to supporting services, how much goes to administrative costs?

Dr. HORN. Yes. In the report itself there is a chart that breaks down those figures by how much goes into foster care maintenance payments, and those are the payments that reimburse States for—

Mrs. JOHNSON. Is this gross or by State?

Dr. HORN. It is by State. We also break it down into how much goes into administrative costs and how much goes into training, and our costs reimbursements for the States.

Mrs. JOHNSON. Does it break it down into support services? Do we know what portion of the money is spent on services to support families? Maintenance, administration, and training are the ways that we pay for it, but do we know what the money is being spent on? Some of the administration, I would assume, was actually paying local community-based services to support the family.

Dr. HORN. I can tell you that the amount of the almost \$5 billion that is being spent on services is zero.

Mr. MCDERMOTT. Zero?

Dr. HORN. Zero, if by “services” you mean providing interventions to help children and families, that is, to provide, for example, access to mental health services, parenting education services. You can’t use these funding streams to provide services to these families. If you are talking about prevention—

Mrs. JOHNSON. What about providing services to families, to a child in foster care placement? Can’t some of this money be used for those kinds of services once the child is placed?

Dr. HORN. It depends on what your definition of “services” is. If you are talking about preparing, for example, a social worker preparing to go to court, to the 12-month—

Mrs. JOHNSON. If the child has significant emotional difficulties and needs to be able to also see a counselor, I thought that kind of service could be paid for.

Dr. HORN. No.

Mrs. JOHNSON. That is all just State funding?

Dr. HORN. They can use other Federal funding sources. For example, title IV–B funds or Safe and Stable Families program funds. That is the problem with the title IV–E funding stream; it doesn’t allow you to pay for the services that kids require to be able to prevent—

Mrs. JOHNSON. I am keenly aware of that. When you say these dimensions of numbers, Connecticut is high on this. They can’t possibly be spending all that money, even including all the State employee salary and everything, administration, so I just wondered if you knew anything more about what is behind the numbers?

Dr. HORN. We can give you a breakdown—

Mrs. JOHNSON. For instance, in health care and everything we do a wage adjustment, so Connecticut’s wages are much higher and the cost of living is much higher, so you do get a real disparity, a significant disparity in cost areas. That doesn’t appear to me to account for the great disparity that you are seeing in this chart.

Dr. HORN. For example, in the title IV–E program, you can pay for referrals to services, but you cannot pay for the services themselves. You can pay for the development of a case plan, but if the case plan has elements in it that say certain kinds of services should be provided to the child, you cannot use title IV–E funds to pay for these services. That is why this program is broken. You know that better than anyone.

Mrs. JOHNSON. Well, I do know that. On the other hand, I know that the proposal that I made, which if it actually would have been adopted when I made it, States would have a lot more money than they do now. We are having trouble getting that adopted; we are having trouble because States are just plain scared about a flat budget, about a set amount. If they are unwilling to do that, what can we do about the category of grants and the flexibility? What are our other options here? This is much too serious to be stuck where we are stuck. We have been stuck there 5 years in the short term, 10 years in the long term, maybe 15 years in the long term.

Dr. HORN. I think it is important to emphasize a distinction between earlier proposals, like you and I were both involved in, and the President’s proposal, that the current proposal from the President is one that provides an option to the State. A State can simply stay in the same system if they think the current—

Mrs. JOHNSON. It is a one-time choice, isn't it?

Dr. HORN. It is a choice for 5 years, and at the end of 5 years they can opt back into the current financial system.

Mrs. JOHNSON. If they opt back in, what is their base?

Dr. HORN. Well, they would go back to a system where the State would be reimbursed for claims that they send in to the Federal Government.

Mrs. JOHNSON. They wouldn't be harmed by being out for 5 years if they wanted to?

Dr. HORN. That is right.

Mrs. JOHNSON. Is that the major change between this proposal and preceding proposals?

Dr. HORN. Well, this has been the President's proposal for the last 3 years, and it is also the proposal, as I understand it, that is reflected in the Chairman's proposal, proposed legislation. If we go back a few years to the early 1990s, there were different proposals on the table. You are quite right, if we had enacted those proposals, States would have more money than they have now.

Mrs. JOHNSON. Well, between this report and the earlier report—about a year or so, was it—how catastrophically children are doing in foster care, and the lack of services, we do need to move forward. I am disappointed that money is not there, but we will may be able to find other money. I hope you will work with us on that.

Chairman HERGER. I thank the gentlelady. The gentleman from Washington, Mr. McDermott, to inquire.

Mr. MCDERMOTT. Thank you, Dr. Horn, for your testimony. Last year when you were here, you said the President is firm in his commitments to continue to seek and secure full funding, \$505 million per year, for this important program. Why has he backed off this year?

Dr. HORN. Each year we put a budget together, and this year the budgetary constraints were such that we weren't able to again—

Mr. MCDERMOTT. Is that less children?

Dr. HORN. Each year you put a budget together.

Mr. MCDERMOTT. You don't pay attention to what the caseload is; you just set a number. Is that what I am to get out of that?

Dr. HORN. First, I think it is important to keep in mind that the President did get, in fact, \$500 million over 5 years in additional funding under the Safe and Stable Families program, which he proposed and the Congress appropriated. Congress chose not to appropriate the other half of that—

Mr. MCDERMOTT. He backed down to the Congress. That is good to hear. I am glad to hear the President pays attention to the Congress—

Dr. HORN. The second thing I would point out is, in last year's budget he also asked for increases in the Child Abuse Prevention and Treatment Act (P.L. 93-247) programs.

Mr. MCDERMOTT. Tell me something, which puzzles me. I have been doing this for a while, and I never understand why after 3 years you have no legislative language to bring up here and lay on the table. You say, we have a proposal, and proposals are pro-

posals, proposals are proposals, but when are you going to bring legislative language so we can actually work on it?

Dr. HORN. We have been working with the Chairman on his bill. If you would like me to come up and work with you on legislative language, I will make that appointment with you tomorrow.

Mr. MCDERMOTT. The Chairman is the problem; it is not the White House?

Dr. HORN. No. The Chairman has actually proposed legislation.

Mr. MCDERMOTT. Why don't you lay your proposal on the table?

Dr. HORN. We have laid our proposal on the table.

Mr. MCDERMOTT. I notice that your—one of the things about your chart that I would just point out—it is misleading, and Mrs. Johnson was really asking you about it—is, you are using only foster care money. You are not talking about any TANF money, you are not talking about any Medicaid money, you are not talking about any SSBG money.

The presentation is misleading. It is practically useless because you can't figure out what is going on in any particular State when you see that Tennessee is down here at \$4,000, and Ohio—for heaven's sake, Ohio—at \$44,000, Connecticut is \$32,000. What is going on? There is nothing—we don't learn anything from this because you didn't put all the dollars, and I think that is really the point.

What troubles me—and I guess, besides your proposal, which you don't put in writing—you also have a proposal that would restrict the States' ability to claim administrative funds for foster care children living with relatives whose homes have not been licensed, so you are going to cut out some money there. You also have a proposal to eliminate the ability of States to claim Medicaid matching payments for case management services provided to foster care children with health care needs.

Finally, there is a legislative proposal to reduce foster care eligibility for certain children by overturning a court decision by the Ninth Circuit Court. Now, it seems to me not only has the President backed off, but you are also cutting money by taking away things that now States are using to supplement whatever this chart is really supposed to mean. How do you justify cutting money and then saying, if we just give it to them in a big bag, it will be okay? Is that the idea?

Dr. HORN. Again, I want to remind the Committee that this is an option. If the State doesn't think this is a good deal for them, they don't have to say yes, they don't have to take the option. I don't understand why you feel you should make that decision for the States. States have the option to continue their current funding structure if that is what they feel they should do. Why shouldn't a State, if they feel they could use the money more flexibly for the betterment of the children in their State, why shouldn't they have the option to do that?

Mr. MCDERMOTT. Well, maybe you can help me with that. Besides the President's brother who, I would expect, would probably go along with his brother, how many State Governors have come forward supporting the President's plan and proposal?

Dr. HORN. Well, the issue is, if you make an option available, States will go into decisionmaking as to whether or not they want to do it.

Mr. MCDERMOTT. How many have said, “please give us that option”?

Dr. HORN. Well, we have a number of States who have requested through the child welfare waiver demonstration process to, in fact, do precisely this.

Mr. MCDERMOTT. Which ones are they?

Dr. HORN. Oregon, Indiana, North Carolina, and Ohio.

Mr. MCDERMOTT. Are they agreeing to a cap or a block grant?

Dr. HORN. Under existing waiver authority, what States get is a cost-neutral waiver that they can then use title IV–E funding flexibly as reflected in the President’s proposal for a variety of different kinds of services. What do we find? We find that of the three States that concentrated on preventing removal of children from their homes, all three of those States showed significantly reduced placements in foster care without any detriment to child well-being. We also found in Indiana that there is a significantly reduced time to reunification for children who were in foster care to return to their family of origin because States were able to provide their families with intensive services while the child was in foster care.

Mr. MCDERMOTT. If it is a good idea, why aren’t the other 47 States coming forward and asking for it? You named three States that have asked for it.

Dr. HORN. Four.

Mr. MCDERMOTT. Four, excuse me. Where are the other 46? If it is such a good idea, why are these other Governors asleep?

Dr. HORN. It would be up to them. If they have an option—even if only one State takes it—

Mr. MCDERMOTT. We don’t need the President’s proposal, we already have a proposal. If they come forward and ask for a waiver, they are all taken care of.

Dr. HORN. The only difficulty is they cannot do that waiver statewide. They can do it in certain jurisdictions within the State, but not statewide. We have had States come to us—Ohio has, for example—asking us to allow them to do the waiver statewide, but that is not possible under the Child Welfare Waiver Demonstration authority. Even if there is only one State that wants to do it, what is the problem with them doing it and demonstrating whether this makes a difference for kids in their State?

Mr. MCDERMOTT. Because you are cutting the money. Thank you. Thank you, Mr. Chairman.

Dr. HORN. May I just clear up one thing, Mr. Chairman? The proposed regulation that you referenced, Congressman, has to do with the fact that some States are claiming administrative costs for children who are not part of the title IV–E program. The administrative cost portion of the title IV–E program is meant to help States with the administrative costs of administering the title IV–E program. Why should States be able to claim administrative costs for kids who are not part of the program? We are simply saying that is what the statute says. We are simply enforcing the statute.

Chairman HERGER. The gentleman's time has expired. The gentleman from Colorado, Mr. Beauprez.

Mr. BEAUPREZ. Thank you, Mr. Chairman. The gentleman from Washington says he is troubled; I am troubled, too. I am troubled by some of the results I see in here. Especially when it says in here that there is absolutely no correlation to spending more money and permanence for foster kids, that troubles me greatly.

Now the old adage, "If it ain't broke, don't fix it" probably applies, but it is broke and we ought to fix it. In advance of this hearing, Mr. Horn, I checked with my Governor's office in Colorado; he is very interested in pursuing this. You can probably add Colorado to your list of States, too, of who wants to talk to you if this moves forward. As I looked at figure 2, this chart—and this is just the Federal dollars—tell me, first of all, what is the relationship between Federal and State matching money?

Dr. HORN. It depends upon which of the four Federal funding streams in the title IV-E foster care program you are referring to. Some expenses are matched at the Medicaid match rate, some are matched at 50 percent, some at 75 percent enhanced match.

Mr. BEAUPREZ. I think we are 50/50. There is a lot of money being spent. I am stunned—one of the places, again, I am troubled is by the amount of administrative dollars that are being spent. You have already talked about that to a degree.

Do you have any indication—time is money, and it looks like we are spending a whole lot of money on time here—is all of this money being spent on administration? Are we forcing the States to push paper unnecessarily, perhaps, or have the States sometimes developed an empire because they can't?

Dr. HORN. The current funding structure forces the States to do things that are highly burdensome and that take away valuable resources that could be used to provide services to children.

Mr. BEAUPREZ. Every program I have talked to back in my State, whether it is at the county level where the rubber really meets the road, county officials that are trying to administer TANF or a WIC or Head Start or this program tell me, "Boy, when you go to Washington, if you could get us more flexibility, please, please, please."

When you are talking about not forcing, but as I understand, again, your proposal is a voluntary program for more flexibility, that is what very much intrigued local officials when I talked to them about that. I, for one, at least applaud you for that. Tell me, it just seems incomprehensible with the disparity in the money spent from the various States, \$4,000 to over \$40,000—did I hear you right, there is really no correlation between the amount of money spent and permanence for the kids? Which I assume is the objective here, right?

Dr. HORN. The analysis is very clear that when you correlate the amount of money that is being drawn down from the title IV-E program with permanency outcomes, that is, the number of kids who are either reunified within a year with their family of origin or placed for adoption after removal within 2 years, when you do that correlation, 99.8 percent of all the variance is accounted for by something other than the amount of money States are drawing down. The amount of variance and permanency outcomes that is

accounted for with the amount of money that States are drawing down is minuscule.

I hasten to add, I am not blaming the States. The States are simply operating under the system as it is currently structured. It is not as though the States are saying, We really like jumping through all these hoops, doing all this paperwork, doing these cost allocation plans; we really like spending all this money on everything except services for kids in our foster care program. States don't say that but that is what we make them do. It seems to us that we ought to at least give them the option of structuring things differently.

Mr. BEAUPREZ. Whether it is Medicaid—I heard from one of my doctor-administrators that 30 percent of her overhead is administrative overhead, and if we could only save some of that paper-pushing money. Tell me in the little bit of time we have got left, Dr. Horn. We are talking kind of in theory and intangibles here. If we provide them that flexibility, what sort of things might a State do to promote this permanence outcome?

Dr. HORN. First of all, I think they would provide more prevention services for families so that those children are not abused and neglected in the first place. An interesting model for prevention, one that has received a lot of empirical support, is home-based nurse practitioner visiting, where high-risk families are visited in the first 2 years of their lives by a nurse practitioner who helps those families with some general child development knowledge and also provides social support. Those studies have shown that if you do that for the first 2 years of a child's life, by the time the child is 16 years of age, we have reduced by 75 percent substantiated cases of child abuse and neglect.

A compassionate society, is not one that says, let's have a really wonderful foster care system for kids to go into after they are abused and neglected, as important as that is, but rather one that says, let's try to prevent those tragedies from happening in the first place. Why not allow States to put more investments into prevention?

Also, States could use flexible funding for intensive reunification services once the child is placed in foster care. In Indiana that is what they did, and they showed they were able to reunify families faster. There are a lot of ways that this money could be used as a State option in order to provide services for kids that would enhance permanency.

Mr. BEAUPREZ. I thank the Chairman.

Chairman HERGER. I thank the gentleman. Thank you for your last comments. I think this is exactly what this Committee—in a bipartisan manner, in all of us working together—needs to be working to do. What do we do to help these young kids? I think your point of the fact—I am convinced, as you have mentioned, there aren't any of these States that are on purpose setting up these programs to fail. It is that we at the Federal level have set up the hoops that they have to jump through that is preventing these young people from getting the services they need to help them in their lives. I thank you for that. The gentleman from California, Mr. Becerra, to inquire.

Mr. BECERRA. Thank you, Mr. Chairman. Mr. Secretary, thanks for being here. Let me ask a question, because I know we are interested in trying to follow up on the Administration's proposals, especially with this optional proposal for—I guess it is called the Child Welfare Program Option. Can you provide us with the legislative language that the Administration has come up with to have us go forward with any particular optional program that you have devised?

Dr. HORN. I would be very happy to come and meet with you and work out legislative language that would reflect the President's proposal.

Mr. BECERRA. No. I am asking for the legislative language that you all have for this option that you are proposing that Congress pass.

Dr. HORN. We understand that the legislative process is an interactive one between the Administration and the Congress, and we would be very happy tomorrow to come up to your office and start working on legislative language.

Mr. BECERRA. You don't have the legislative language?

Dr. HORN. We have a proposal that is very detailed, and we believe it wouldn't take very much for us to translate it with you, in partnership, into legislative language.

Mr. BECERRA. That proposal that is detailed, is that before us already? Have you provided that?

Dr. HORN. Yes.

Mr. BECERRA. We do have that? Do you have that with you right now?

Dr. HORN. Not in my back pocket, but I can get it to you.

Mr. BECERRA. If we have already gotten it, forgive me, but I don't happen to have it with me, so if you could be sure that whatever detail you have on the proposal you make available to us, because my understanding is, you don't have legislative language, but you do have, as you have described, details on this proposal for an opt-out program.

Dr. HORN. I would be very happy to share that with you.

[The information was not received at time of printing.]

Mr. BECERRA. I appreciate that.

The other question relates to this idea of block granting. To me, the difficulty I have with block granting is that when you talk in terms of funding based on aggregate members, the macro numbers, to me that begins to treat those that you are trying to service, trying to help, the children in this case, foster care children, as commodities because you are not basing a determination based on the needs of that particular, individual child, but some aggregate, macro number that a State is providing to you. Each year your funding that we would provide, under your plan, to a State for its foster care children wouldn't be based on a child's particular needs and the collective children's needs in that State, but based on a number on paper that says that from year to year funding may increase or decrease based on a macro formula.

To me, the more we treat children as widgets, especially in the foster care program, the more you actually make them believe that that is what they are, widgets. We are, in essence, warehousing them somewhere, rather than treating them as individuals who

need to have the attention and need to have the sense of caring that now we have at the highest levels, a block grant that defaces, in essence, the foster care recipients here, the children.

I don't know how we would go about making these children feel that they should have esteem and believe that someone cares about them if you are now going to be telling the State that your funding is based not on the actual need of the children in your State, but based on last year's funding level. I don't know if there is a question here, but I would certainly give you an opportunity to respond.

Dr. HORN. Well, again, it is important to keep in mind that this is not a block grant proposal, it is an option; if a State doesn't want to opt into this, they can continue on—

Mr. BECERRA. They are locked into what they would receive once they go into this option, right?

Dr. HORN. For 5 years.

Mr. BECERRA. If one year my State of California has, what is our number, somewhere in the area of about 60,000—is it 60,000 children in foster care? I am looking at your chart here; I am not sure if that is the correct number, but say it is 60,000. What happens if all of a sudden we continue to see some hard times in California, let's say some drought difficulties hurt our farmland communities and we have even more poverty among our agricultural communities where we already see 15 to 20 percent unemployment rates. Your formula, if a State should opt in to your opt-out program, our optional program, wouldn't take care of it if the needs increase dramatically for foster care.

Dr. HORN. Under the President's proposal, States that find themselves in that situation, who do opt in, with circumstances beyond their control, seeing an increase in foster care, would be able to draw down funds from the \$2 billion TANF contingency fund—

Mr. BECERRA. That is a contingency fund. This isn't a contingency. If you have got kids who are now in foster care, we are not sure if they are going to leave foster care in a year or if they are going to be there for some quite time. That is not a contingency for most States; that becomes a hard expenditure to try to help that child.

Dr. HORN. Perhaps I misunderstood your question. I assume what you are asking is, let's say you have 60,000 kids in foster care in California. You have a fixed amount of money. If the caseload drops to 40,000, everybody's happy. That is what I think would happen if you are able to use these funds more for prevention and reunification services, for example. What happens if the caseload goes from 60,000 to 70,000? That is where the contingency fund comes in. The State would draw down additional money from the contingency fund.

Mr. BECERRA. You roll the dice?

Dr. HORN. It is not a roll of the dice.

Mr. BECERRA. Are you guaranteeing us that the rolls will drop, that there will be fewer foster care—

Dr. HORN. If they don't, the point is that you get to draw down additional funds over and above the fixed allotment.

Mr. BECERRA. Right. The rainy day fund is used for what would otherwise be a natural increase in the size of your foster care population. The Chairman has been gracious for the time. We

can explore this more. I look forward to receiving the details of your plan, but I must tell you it really concerns me when we start talking about kids as widgets and commodities versus what they really are, productive and potential future leaders of this country.

Dr. HORN. I agree with you that we should never treat children as widgets. The problem is that right now, if the widget needs services, you can't pay for them through the title IV-E program; that is the problem. If you have a broken widget, you can't use this money to fix it?

Mr. BECERRA. Cutting \$4 billion over the next 5 years under your particular program doesn't help any more than what we have.

Dr. HORN. Where did we cut \$4 billion under our program?

Mr. BECERRA. When you give me the details of your plan, I will go through the \$4 billion that you are cutting.

Dr. HORN. I know we are not cutting \$4 billion.

Chairman HERGER. The gentleman's time has expired. The gentlelady from Pennsylvania, Ms. Hart, to inquire.

Ms. HART. Yes. I thank you, Mr. Chairman. If I am not mistaken, we have already established that it is not the money that makes a success in foster care, so we can argue over the money, but I think the point that you made earlier is that we want to provide flexibility for the folks who are actually on the frontline. Is that your goal?

Dr. HORN. That is exactly right.

Ms. HART. Like a lot of Members of Congress, we have had our own experiences, snapshot experiences, with the foster care system. As a private practice lawyer I had a pretty bad experience with a family who wanted to try to adopt a child, and the foster care system pretty much insisted on keeping this child in the foster care system. My concern when you talk about permanence for the child, can you give me a little bit of the theory behind what you think this flexibility will allow as far as permanence that is best for the child, which may not be reunification with the family?

Dr. HORN. See, I do not believe—and I agree with Congressman McDermott on this, and we actually point it out in the report. The current funding structure provides an incentive for children to be pulled out of their homes and placed in foster care. There is no evidence that that is the case, and even in theory, it would work only if the Federal Government picked up 100 percent of the cost.

The State has to put some money in, so it is a real cost to the State to put a child in foster care. The difficulty is that you can't use any of that money to prevent a placement in foster care, and once the child is in foster care, you can't use any of that money for services that will allow you to reunify that child with their family in an expeditious manner. What you can use the money for is continued placement in foster care and to reimburse States for some of their costs, administrative costs for running the program, but not for services for that child.

Ms. HART. On the front end, when we are talking about a child who has been removed from a family and there is progress, and so there is an expectation that this child will be able to be reunified, is there an amount of time that they are expecting? Is there, a couple years, 3 years, whatever it is, that this program would expect this child to be able to be in foster care reasonably before that child

is returned to the family or another permanent placement is decided? Is that something that is conceived of in this plan?

Dr. HORN. Some of those issues were addressed in previous bipartisan legislation originating in this Committee. For example, his Committee reduced the length of time between when a child is put in foster care and their dispositional hearing—basically a hearing that says, what is the plan here, what are we going to do, what is the goal—from 18 months to 12 months, and that was a very good thing. There is also a requirement under a current statute that every 6 months there be an administrative review to make sure that the plan still makes sense.

Ms. HART. That is a Federal requirement?

Dr. HORN. Yes. All of that stays; even under the option, all of that stays. It is important to get a plan in place quickly, it is important to have some review of that plan in a systematic and timely fashion. The biggest problem is that you can spend money on developing the plan, but if the plan says these are the three services that this family needs in order to help reunify this child, you can't use title IV-E foster care funds to pay for these services.

Ms. HART. Under this proposal we would be able to do that?

Dr. HORN. That is exactly right.

Ms. HART. That is helpful then. The next step, though—because I still see a green light—how many times and how many reviews are expected, or anticipated, before there really is a permanency plan? When you say there is a review every 6 months, can there be a review every 6 months for 6 years?

Dr. HORN. Sure, in theory one can, although again there are time limits in the statute that require if a child is in foster care for 15 of the most recent 22 months there is a presumption that the State agency should start to move toward termination of parental rights and subsequent adoption.

Ms. HART. The States are doing that a little bit differently.

Dr. HORN. Yes. In fact, we are seeing a dramatic increase in the number of adoptions out of foster care because of the work of this Committee. We have gone from about 28,000 adoptions a year back in the mid-1990s, to about 50,000 adoptions a year out of foster care today and that is a direct result of the work of this Committee.

Ms. HART. Okay, good. Just finally, because I am running out of time, is there anything in the Federal regulation currently that would be against the actual adoptive parents in that case being the foster care? Is there any prejudicial regulatory—

Dr. HORN. Not that I am aware of.

Ms. HART. Good. I just want to make sure. Okay, thank you. I appreciate your cooperation. Thank you, Mr. Chairman.

Chairman HERGER. Thank you. Dr. Horn, on my time, the gentlelady from Connecticut has a brief correction that she would like to make.

Mrs. JOHNSON. I just wanted to clarify that in my frustration about this report, and also the report we had on State compliance with the overall law for permanent placement of children. The picture is terrible, but I am a strong advocate of flexibility. We had a waiver in my State. It was the first time the pipes of services began really talking to each other and thinking through, how can

we use this money best for children? It was extraordinarily powerful and it was extraordinarily successful, and we are minimizing the power of that through this kind of discussion. On the other hand, the problems are extraordinary, and we have got to figure out some way to get through this and get change to happen. Thank you. Thank you, Mr. Chairman, and I appreciate that.

Chairman HERGER. Dr. Horn, there have been some questions on whether or not the Administration has a plan, and I just want to make it clear, the legislation that I have proposed has been the Chairman's legislation, legislation we have been working on hand and hand with you and the Administration to work through. I just want to make that point clear.

Probably one of the biggest criticisms of changing the current funding system is this concern of some unforeseen circumstances that could cause foster care caseloads to increase significantly. For example, I have heard repeatedly from individuals about how this policy would hurt kids if drugs such as methamphetamines would cause foster care caseloads to grow substantially. Dr. Horn, could you tell us how the President's option would assist States in these circumstances.

Dr. HORN. There are two ways. First of all, as I previously discussed, the President's plan would allow a State that saw an increased need for foster care placements to draw down additional funds from the \$2 billion TANF contingency fund, which has already been appropriated. The money is there, but very little of that money has ever been drawn down under the TANF program. We would like the flexibility for States who choose this option to be able to draw down additional funds if they see an increase in foster care placements in their State.

More to the point, if States are able to build community-based prevention programs, then you will see less kids made vulnerable to these kinds of changing circumstances. The current system, at least from the Federal funding level, is weighted toward foster care. It is not that they are running around pulling kids out of their homes and placing them in foster care willy nilly, but they are basically sitting around waiting for a kid to show up already abused and neglected. What we need to do is provide States the ability to build comprehensive, community-based systems of care that prevent these kinds of tragedies from happening in the first place. States can't do that with this funding source.

Now the President understands there are other funding sources. It is the reason why he proposed and the Congress appropriated \$100 million of additional funds per year under the Safe and Stable Families program; some of that can be used for prevention. It is also why last year he proposed increases in the Child Abuse, Prevention and Treatment Act but Congress didn't appropriate as much as he wanted.

The President understands the funding streams. This is the largest funding stream. Why in the world do we say the largest funding stream the Federal Government has, where there is no evidence, none, that it is related to better outcomes for kids, we are going to leave that alone? We are not going to touch it and allow States the option of using that money more flexibly, because we here in

Washington know better than Governors' offices about the best way to use those funds in their own States?

It seems to me that we ought to provide the States the option of building comprehensive, community-based systems of care so that those children are not made vulnerable to these kinds of changing circumstances that otherwise would lead to increases in abuse and neglect.

Chairman HERGER. Thank you. Following up that question, is there any reason to believe that the current funding structure adequately protects States against those spikes in foster care case-loads?

Dr. HORN. None, because they can't. Those funding streams don't become available to the State until a child has been abused, neglected and placed in foster care. It is not possible to use those funds to protect kids from abuse and neglect. That is the problem.

Chairman HERGER. What is being—this concern is not really being adequately taken care of, even now under the current program?

Dr. HORN. Absolutely not. Look, if the title IV-E funding streams could be demonstrated to be correlated with improvements in outcomes for kids, if you could demonstrate that these funding streams were—in fact, were allowing States to have really good outcomes in their child welfare system—then we wouldn't be having this conversation.

In the same way that it was hard to demonstrate that AFDC, back in 1996, was this wonderful program that helped millions of people escape welfare dependency and poverty, given the absence of evidence that it was working so well, this Committee and the Congress decided, in concert with President Clinton, to change the system. It seems it is time for us to ask the same question about child welfare.

Chairman HERGER. Well, thank you, again, Dr. Horn, for your testimony. I thank you. Your testimony indicates why this system is so severely broken. It isn't that anyone is intentionally wanting it to be broken or to do all this harm to these innocent children, but the fact is, it is broken, and the sooner we can work together to repair it, the better off our Nation will be—and certainly these young children that are involved. I thank you.

Mr. MCDERMOTT. May I have just one question?

Chairman HERGER. Very quickly.

Mr. MCDERMOTT. If I am not incorrect, the last 3 years the number of children in poverty in this country has been up all 3 years, right?

Dr. HORN. It has gone up, as you would expect, during a recession.

Mr. MCDERMOTT. That definition that you gave of getting rid of the AFDC was going to make it all better for kids has not worked?

Dr. HORN. You don't think TANF has improved things for kids and families in this country?

Mr. MCDERMOTT. If more kids are living in poverty, isn't that—is that a measure you don't want to use?

Dr. HORN. It is substantially down since the 1990s.

Mr. MCDERMOTT. If the plan you put in, TANF, is supposed to work and bring kids out of poverty, and now you have more kids in poverty, you call that a success?

Dr. HORN. You have less kids in poverty since 1996.

Mr. MCDERMOTT. Not the last 3 years.

Dr. HORN. Yes, the last 3 years.

Mr. MCDERMOTT. The way the system is structured, the last 3 years it didn't work, right?

Dr. HORN. I don't believe that is true.

Chairman HERGER. Are there a million fewer children in poverty today than there were when we started this?

Dr. HORN. Yes.

Chairman HERGER. This has dramatically worked even though we had a recent change.

Mr. BECERRA. Mr. Chairman, is our measure—are we looking at where children are today or are we looking at where children were in 1996? Today, a child who lives in poverty is concerned about what is going on for that child today, not what happened in 1996.

Chairman HERGER. Well, that is obviously a fact, but I think we need to look at the direction we are going. I believe virtually everyone would have to admit this TANF program has been overwhelmingly successful. With that, I would like to thank you, Dr. Horn, and ask our next witnesses to be seated at the table.

On this panel we will be hearing from Don Winstead, Deputy Assistant Secretary of the Florida Department of Children and Families; Adrienne Hahn, Vice President for Public Policy at Casey Family Programs; and Fred Wulczyn, Research Fellow at the Chaplain Hall Center for Children.

Mr. MCDERMOTT, I understand you have someone you would like to introduce.

Mr. MCDERMOTT. Thank you, Mr. Chairman.

It is a pleasure today to have Adrienne Hahn here from the Casey Family Foundation. She comes with a heap of experience. She is an attorney, who worked for a number of years as the Director of government Relations for the Independent Sector, which is a coalition of 700 nonprofit organizations ranging from March of Dimes to Boys Home in Nebraska to the Children's Defense Fund. She comes with a broad experience before coming to the Casey Family Foundation, where she really is in charge of focusing on child welfare reform. It is a great pleasure to you have here today.

Ms. HAHN. Thank you for inviting me.

Chairman HERGER. Mr. Winstead to testify.

STATEMENT OF DON WINSTEAD, DEPUTY SECRETARY, FLORIDA DEPARTMENT OF CHILDREN AND FAMILIES, TALLAHASSEE, FLORIDA

Mr. WINSTEAD. Thank you, Mr. Chairman. Mr. Chairman, Mr. McDermott, Members of the Committee, I am pleased to appear before you to discuss Child Welfare financing. I am Don Winstead; I am Deputy Director of the Florida Department of Children and Families.

I returned to Florida in March of this year after more than 3 years of service at HHS, and although I was familiar with this

issue in my time with the Federal Government, I would like to be very clear today that my comments are from the State's perspective. In my written statement, I summarized the development of community-based care in Florida, described improvements being made in program outcomes, and provided an Internet link for our online performance dashboard. If you would like to see how our performance is in every area of Florida, all it takes is a couple of clicks of your mouse.

Since my return to the State, I have been shocked by the amount of time and attention that is consumed by administrative issues related to financing. Simply stated, child welfare financing is a nightmare. Complex and inconsistent eligibility requirements frustrate frontline professionals and those who administer child welfare programs, depriving children of time and resources.

The Chief Financial Officer (CFO) from our community-based care provider in Broward County, Fort Lauderdale, put it this way, quote, "Speaking as a CFO who has come from the private sector, I am still amazed at how much of my time is taken up wrestling with the State and Federal complexities and defending our actions to the oversight people. I am guessing that a whole 50 percent of my time is taken up with these issues. I can also say with absolute certainty that we spend close to a million dollars a year to manage Federal eligibilities," end quote.

Title IV-E eligibility relies on eligibility rules that derive from the now-defunct AFDC program, as it existed in 1996. TANF funding, another source we use, relies on at least two sets of eligibility rules; regular TANF has one set of requirements, and costs that are eligible because they are allowable under a prior AFDC State plan require a different process. Even the SSBG, which is very flexible, has one set of rules for regular SSBG's and a different set of eligibility requirements for SSBG's transferred from TANF. The sum of that leads to a very complex and burdensome system.

Central to your focus today is child welfare financing under title IV-E. The eligibility requirements, as Dr. Horn has detailed, are complex and burdensome. It emphasizes out-of-home care and does not provide for prevention services and reunification services that can be so important. The President's 2006 budget outlines the Child Welfare Program Option. The President's proposal is similar to concepts from were part of the Child Safe Act of 2004—your legislation, Mr. Chairman. We believe the framework of the Child Welfare Program Option would offer substantial improvements over the existing program and merits serious consideration by the Congress.

A couple of key features: First of all, it provides an option for States to select an allotted amount of Federal funds to use flexibly for prevention and in-home services, as well as out-of-home care. We believe the allotment should be the equivalent to the State's anticipated future title IV-E funding and should consider funding trends, demographics and provide for contingencies. This would permit States to choose the option to eliminate complex eligibility requirements and have greater flexibility in meeting the needs of children. We believe this flexible funding option should include foster care, but we would support keeping adoption subsidies as an uncapped entitlement.

This approach would align funding incentives with good case-work practice. In addition, we would support more flexibility in use of title IV–E funds in our ways of operating and administering child welfare programs. Some of the current constraints are tied to the obsolete provisions of the now defunct AFDC program. Eliminating complex and obsolete eligibility requirements would permit States to better align procedures among programs particularly in areas where we administer and operate the programs through community-based providers.

Florida is transforming our child welfare program. We have established community-based care organizations to provide a system of care within each community in our State. We are committing more State resources and encouraging local communities to add their resources and their commitment to this partnership. We believe that providing States with the opportunity to use Federal funds with greater flexibility would greatly assist us in meeting our goals, and we encourage your serious consideration of legislation that would provide this option. Thank you, Mr. Chairman.

[The prepared statement of Mr. Winstead follows:]

Statement of Don Winstead, Deputy Secretary, Florida Department of Children and Families, Tallahassee, Florida

Mr. Chairman, Mr. McDermott, and Members of the Committee, I am pleased to appear before you to discuss child welfare financing. I am Don Winstead, Deputy Secretary of the Florida Department of Children and Families. The Department of Children and Families is the state agency in Florida responsible for child welfare.

I returned to the State of Florida in March of this year after more than three years of service in the U.S. Department of Health and Human Services (HHS). Although I was familiar with the issue of child welfare financing during my time in Washington, I would like to be very clear that my comments today are from the State's perspective.

Community-Based-Care

Florida's child welfare system has undergone substantial reform and redesign. In the past, like most states, Florida performed protective investigations and provided services to children and families through caseworkers who were employees of the state agency.

Under Governor Bush's leadership, Florida has transformed our child welfare system by implementing a community-based care model. The key feature of community-based care is that the provision of services is fully integrated into the infrastructure of communities. In Florida, a lead agency is charged with coordinating and providing all foster care and related services in a geographic area no smaller than a county. With 22 competitively selected lead agencies serving Florida's 67 counties, the statewide transition to community-based care was completed in May 2005.

Lead agencies are governed by volunteer boards of directors representing key stakeholders in their respective communities. These include business leaders, community providers, court representatives such as guardians ad litem, law enforcement officials, community funding agencies like the United Way and county government.

To further enhance local community service integration, Community Alliances were created by Florida statute in 2000. The role of the Community Alliance is to serve as a catalyst for community resource development and to provide a focal point for community participation including joint planning for resource utilization, needs assessment, and goal setting.

In addition to the implementation of a community-based care structure, Florida is also contracting with Sheriffs in five counties to perform protective investigations and a sixth Sheriff's office is beginning start-up activities this year.

In April 2005, Florida Tax Watch, a private, non-profit, non-partisan research institute that is widely recognized as a watchdog of citizens' hard-earned tax dollars, issued a briefing reportⁱ calling for an integrated, streamlined monitoring system for

ⁱ <http://www.floridataxwatch.org/>

child welfare service contracts. Along with a number of thoughtful recommendations, the Florida TaxWatch report found that community-based care is showing results. The report noted that information from the Department of Children and Families and Community-Based Care lead agencies showed that improvement is being made in these areas:

- more children being visited each month;
- fewer children in care;
- fewer children in out-of-home care;
- fewer children re-entering foster care;
- more children adopted;
- more available foster families; and
- less foster home crowding.

For those who may be interested in tracking performance on these and other outcome measures in Florida, we have developed a performance “dashboard.” This dashboard is available on the internet so that performance data is accessible to our stakeholders, community partners and the public. The performance data can be accessed at <http://dcfdashboard.dcf.state.fl.us>

We believe that the best results for children and families will come through community-based solutions. Our community-based care organizations are building systems of care that will promote better outcomes through more effective use of scarce federal and state resources. This is good news for Florida’s children and families. However, there is still much work to do.

Child Welfare Funding is Complex and Burdensome

Since my return to the state, I have been shocked by the amount of time and attention that is consumed by administrative issues related to financing. Simply stated, child welfare financing is a nightmare. Complex and inconsistent eligibility requirements frustrate front line professionals and those who administer child welfare programs—depriving children of time and resources.

The Chief Financial Officer from our community-based care provider in Broward County put it this way,

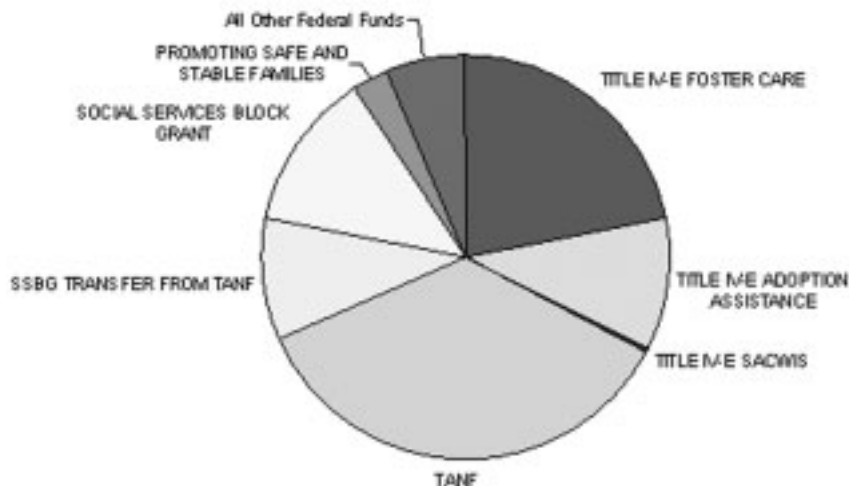
Speaking as a CFO who has come from the private sector, I am still amazed at how much of my time is taken up wrestling with the State and federal complexities, and defending our actions to the oversight people. I am guessing that a full 50% of my time is taken up with these issues. I can also say with absolute certainty that we spend close to a million dollars a year to manage federal eligibilities, . . .

Peter Greenhough, Chief Financial Office
ChildNet, Inc.

While the focus of today’s hearing is title IV–E funding, it is important to place the issue in the context of the variety of federal and state funds that are used in child welfare.

Our child welfare programs rely on a variety of funding sources including title IV–E, Temporary Assistance for Needy Families (TANF), Social Services Block Grant (SSBG), and other state and federal funding sources. As the chart below shows, over 90% of our federal funds used in child welfare come from TANF, title IV–E and SSBG, with TANF being the largest single source of funds.

**Florida Child Welfare Expenditures
State Fiscal Year 2004-2005
Federal Funds**



Title IV-E eligibility relies on eligibility rules that derive from the now-defunct Aid to Families with Dependent Children (AFDC) program as it existed on July 16, 1996. TANF funded services rely on at least two sets of eligibility rules. Regular TANF has one set of requirements while activities that are TANF-eligible because they were allowable under a prior AFDC state plan require a different eligibility process. SSBG has flexibility, but SSBG funds transferred from TANF have a financial eligibility requirement that does not apply to SSBG funds not transferred from TANF.

One reason for the relatively high proportion of TANF funds in child welfare in Florida is related to the Relative Caregiver program. In 1998, Florida established a Relative Caregiver program that is funded primarily through TANF. Over half of the children in out-of-home care in our state are in relative placements, many in TANF-funded relative settings.

In our public assistance programs, Florida has embarked on an exciting redesign of the entire eligibility process to use modern technology to make programs more efficient and more accessible. We are reducing our reliance on bricks and mortar and asking community partners to allow applicants to access services through computer portals located in their service sites. To date, we have identified over 2,000 sites where community partners will provide better access to our common customers.

I mention this to contrast the situation with child welfare financing. In public assistance, we have used statutory flexibility to simplify access to TANF, food stamp programs and Medicaid eligibility. In child welfare, however, we remain mired in the procedural requirements of AFDC. In many ways, child welfare eligibility is more convoluted and difficult than eligibility in public assistance.

The Need for Reform of Child Welfare Financing

Central to your focus at today's hearing on child welfare financing is title IV-E funding. The eligibility requirements for title IV-E are complex and burdensome. There are different categories of expenditures with differing federal matching rates and the documentation and reporting requirements are complicated, subject to interpretation, and prone to dispute. These would be easier to justify if there was a clear relationship between the requirements, goals, and outcomes of the program. This, however, is not the case.

IV-E funding emphasizes out-of-home care and does not provide for services that prevent removal of children from the home and support reunification, when this can be accomplished safely. Prevention services, family support services for children who are at risk of placement in out-of-home care, therapeutic care and services to remediate issues that prevent reunification are important to achieving child welfare goals. In addition, services for families after children leave foster care are critical. However, these services are not allowable costs under title IV-E, the primary federal funding source for child welfare.

Recommendations for Change

The President's FY 2006 budget outlines a Child Welfare Program Option. The President's proposal is similar to concepts that were part of the ChildSAFE Act of 2004 (HR 4856). We believe the framework of the Child Welfare Program Option would offer substantial improvements over the existing program and merits serious consideration by the Congress. Key features that should be considered include:

- **Provide states an option to select an allotted amount of federal funds to use flexibly for prevention and in-home services as well as for out-of-home care.**

The allotment should be equivalent to the state's anticipated future IV-E funding and should consider funding trends, demographics, and provide for contingencies. This would permit states that choose the option to eliminate complex eligibility requirements and to have greater flexibility in meeting the needs of children. We believe this flexible funding option should include foster care, but we would support keeping adoption subsidies as an uncapped entitlement.

This approach would align funding incentives with good casework practice. The capacity of a protective investigator to safely leave a child at home, or move quickly to return a child home, with appropriate supports in place to address continued risk, is the first permanency option that child welfare can place in action for children. This approach would encourage states to prevent removal where possible and to accomplish reunification when this can be done safely. Children who cannot safely remain in the home or safely be reunified should be expeditiously moved toward adoption or other appropriate permanency option.

- **Provide greater flexibility in administration and operation of the program.**

In addition to providing more flexibility in the use of title IV-E funds, states should have greater flexibility to administer and operate child welfare programs. Some of the current constraints are tied to obsolete provisions of the now defunct AFDC program. Eliminating complex and obsolete eligibility requirements would permit states to better align procedures among programs, particularly in areas where we administer and operate the programs through community-based providers.

Greater flexibility in administration and operation of the program should be provided regardless of whether a state chooses the Child Welfare Program Option. Consideration should also be given to reforming the cumbersome and arcane cost allocation requirements under which costs are attributed to the various federal and state funding sources. These procedures could and should be simplified.

States should be able to administer and operate child welfare programs consistent with how we administer other major programs. It would greatly improve the seamlessness of title IV-E funds with major funding sources such as TANF and permit service providers to focus more attention on service and help increase our focus on the service needs of children and families rather than the bureaucratic requirements of eligibility and documentation.

Florida is transforming our child welfare program. We have established community-based care organizations to provide a system of care within each community in our state. We are committing more state resources and encouraging local communities to add their resources and their commitment to this partnership. We believe that providing states with the opportunity to use federal funds with greater flexibility would greatly assist us in meeting our goals and we encourage your serious consideration of legislation that would provide this option.

Chairman HERGER. Thank you. Ms. Hahn, please proceed.

STATEMENT OF ADRIENNE HAHN, VICE PRESIDENT, PUBLIC POLICY, CASEY FAMILY PROGRAMS

Ms. HAHN. Mr. Chairman, Members of the Committee, I am pleased to have this opportunity to share experiences and recommendations of Casey Family Programs as you consider Federal foster care financing options. Casey Family Programs is the Nation's largest national foundation whose sole mission is to provide and improve and ultimately prevent the need for foster care. We draw from 40 years of experience in expert research and analysis to improve the lives of children and youth in foster care in two important ways: by providing direct services and support to foster families and promoting improvements in child welfare practice and policy.

Casey Family Programs was started by Jim Casey, founder of what is now the world's largest delivery company, United Parcel Service. We are here today to provide our input regarding a very important and significant topic, foster care financing. Casey Family Programs highly recommends the Committee bear in mind these three things when it examines the issue of foster care financing. First, it is imperative that Congress maintain the open-ended entitlement including administrative funds for title IV-E that are tied to performance-based measures. Having the ability to measure results will help us better understand the successes of the program and where we can make adjustments.

History is not a good guide for States to accept cap funding for foster care or even a flexible block grant with guaranteed funding level. As many of you know, the Social Service block grant was severely cut from its authorized level of \$2.9 billion to \$1.7 billion where it has remained frozen since 1998. The title IV-B, Subpart I, Child Welfare Services Fund has consistently been appropriated at far less than the authorized \$325 million. We must recognize that many of these funds are used for prevention and family support in an effort to avoid entry into foster care, which is precisely the deal that the Administration is offering States with title IV-E. However, the purchasing power has been eroded and the real dollar value of the existing block grants have been reduced. Consequently, States are facing a balancing act between the real needs of other groups served by the block grants and the consistently shrinking buying power.

We at Casey Family Programs are very concerned that child welfare financing changes should not reduce the Federal fiscal resources now available, or make administration of programs more complex for States. Casey recommends that the entitlement be continued and that more flexibility be added particularly to assist relative care givers and to provide preventive services to families. In keeping with the idea of the greater flexibility to the States, Casey Family Programs conducted an extensive analysis of the child welfare financing waivers last December. A copy of that executive summary or report is attached for the record. In addition, the full report entitled "The Effects of Federal Child Welfare Financing Waivers" is available on www.casey.org.

Second, based on the findings from those white papers, it is critical that States are permitted to be reimbursed through title IV-E for subsidized guardianship. Through our work we found that positive results, and even cost savings, occurred in the area of assisted guardianship and kinship care. There was much enthusiasm in States for assisted guardianship and kinship care. The waiver activity demonstrated success, and even proven savings in Illinois.

Recognizing non-licensed kinship care homes for reimbursement under title IV-E would allow all States to reap the benefits of these programs. Our analysis also demonstrates the need to adequately fund existing funding programs such as TANF and SSBG. By providing adequate funding for these programs, States may use some funds for child well-being activities currently provided under child welfare waivers.

Third, we urge the Committee to focus on providing statutory language to encourage States to provide mental and behavioral health and rehabilitative services to the child welfare population under their existing Medicaid and State Children's Health Insurance Programs (SCHIP). Fifteen of the 25 child welfare waivers utilize title IV-E funding for behavioral health services, including substance abuse, despite authorization of such services under Medicaid and SCHIP. Although children whose foster care is federally reimbursed are automatically eligible for Medicaid behavioral mental health services, often States are purchasing them through capped funds such as through title IV-B, TANF, or SSBG, or with title IV-E waiver funds.

This recommendation is underscored by a recently released study from an extensive research project that Casey did in corroboration with Harvard Medical School that examined the long-term effects of foster care on more than 650 young adults who were formerly in care. One of the most significant findings were the fact that these youths experienced post-traumatic stress disorder at rates twice as high as U.S. war veterans, including soldiers returning from Iraq and Afghanistan. These findings, along with many others highlighted in this report, reflect how difficult it is for these children's circumstances and how important it is to provide access to effective mental health treatment.

In closing, I would like to thank the Committee for affording Casey this opportunity to present our views, and we would welcome the opportunity in the future to work with the Committee on proposals to improve the delivery of child welfare services.

[The prepared statement of Ms. Hahn follows:]

Statement of Adrienne Hahn, Vice President, Public Policy, Casey Family Programs

Mr. Chairman, Members of the Committee, I am pleased for the opportunity to share the experiences and recommendations of Casey Family Programs as you consider federal foster care financing options. My name is Adrienne Hahn, Vice President of Public Policy for Casey Family Programs.

Casey Family Programs is an operating foundation based in Seattle, Washington. It has 40 years of experience of caring for abused and neglected children. Casey Family Programs was started by Jim Casey, founder of what is now the world's largest package delivery company—United Parcel Service. In 1907, the enterprising 19 year-old, Jim, borrowed \$100 from a friend to begin this Seattle-based business which is now worth billions of dollars.

It was with this same enterprising and visionary spirit that Mr. Casey founded Casey Family Programs. His hope was to create stability, security and a sense of

permanence for children in need of stable family homes. All that we have done over the past four decades prepares us to step up in a bigger way than ever before. This explains why we are genuinely appreciative the opportunity to speak you today on this important issue of foster care financing.

Much concern has been expressed in recent years regarding child welfare financing and state program flexibility—especially whether more flexibility can be granted only if it is coupled with reduced federal funding. I would urge you at the outset not to make that the case. There is no evidence to demonstrate that states can improve child well-being outcomes with capped funding, even if given more flexible use of various funding streams.

History is not a good guide for states to accept capped funding for foster care, or even a flexible block grant with a guaranteed funding level. The Social Services Block Grant (SSBG) was severely cut, from its authorized level of \$2.9 billion to \$1.7 billion, where it has remained frozen since 1998. And the Title IV–B, Subpart I Child Welfare Services fund has consistently been appropriated at far less than the authorized \$325. Even as states have repeatedly advised the Congress that these funds are used for prevention and family support to avoid entry into foster care—precisely the “deal” that the administration is offering states with IV–E—the purchasing power has been eroded and the real dollar value of the existing block grants have been reduced. So in paying for some child welfare services through SSBG or TANF, states face a balancing act between the real needs of other groups served by those block grants and the constantly shrinking buying power.

Casey’s analysis of the child welfare demonstration waiver projects further indicates that limited, fixed funding poses problems for child welfare programs, in that the budget neutrality provision has been a barrier to success of the demonstrations.

Chairman Herger, Casey appreciates you bringing greater attention to the need for more performance based results, given the many concerns about outcomes for children. We know we can and must do better for the children who require protection, family services directed to prevention, or foster care.

I believe that we all want similar things from the nation’s foster care system. Among these are: more flexibility in use of various funding streams; better accountability in assuring that goals are met; and effective pre-placement services for families, which can reduce the incidence of out of home placement. We also agree, I am sure, that we need to find ways to reduce the inequitable response to and treatment of children and families of color in the child protection and foster care system.

Most of all, we want to make sure that no child is taken from his or her family whenever possible, and that family voices are heard in defining what they need. We want to assure that when foster care is unavoidable, the child goes to a home that respects his tradition and culture. To achieve this, it is essential that we provide a sufficient workforce that is well trained, and adequate resources to recruit, train and support foster families.

We know that some of the data are discouraging and that improvements must be made. Any changes in the federal financing of foster care need to facilitate and enhance the ability of the states and counties to make the improvements needed. Capping or reducing funds now available to the states for foster care and child welfare services would likely slow states’ progress in improving outcomes.

We at the Casey Family Programs are very concerned that child welfare financing changes should not reduce the federal fiscal resources now available, or make administration of programs more complex for states. Casey recommends that the entitlement be continued and that more flexibility be added, particularly to assist relative caregivers and to provide preventive services to families. Specifically, our recommendations include the following:

- **Title IV-E entitlement funding structure should be preserved.** A capped block grant to states poses the potential for funding cuts for critical child welfare services. States’ entitlement to administration funds should also be maintained, with no reduction in the rate of reimbursement.
- **Title IV-E funds should be made available to children requiring services in their homes,** to help prevent out-of-home placement.
- **Title IV-E funds should be made available to all children removed from their homes, including those placed with relative caregivers and in subsidized guardianships.** States should be held financially harmless. The federal eligibility link tied to AFDC eligibility as of 1996 is outdated, burdensome to administer, and illogical, because children may need protection regardless of the financial circumstances of their biological family.
- **State child welfare systems should continue to be accountable for meeting federal standards ensuring child safety and well-being.**

- **State child welfare systems should be provided adequate resources to meet those standards.**

Another area of concern that we would like to see addressed is that of eliminating disproportionality and disparities in results for children of color in the child welfare system. Children of color are over-represented in the child welfare system and too often have poorer experiences when they are in the system and when they leave it—even when they come from similar situations and circumstances.

Casey recommends that a GAO study be done to examine the entire continuum of care with respect to children of color, with a focus on how states can reduce their disproportionate representation in the system and improve outcomes. The study should look at how responses differ to reports of abuse, removal from home into foster care, prevention and treatment offered the family, length of time in care, and adoption rates, compared with the general child welfare caseload. Hopefully the report's recommendations will include possible solutions that states can use.

Meanwhile, states need to look at how they can better address the disparities, such as by targeted recruitment of staff and foster families of color, and providing training that is culturally appropriate, could help to reduce the disparities.

Casey Analysis of Child Welfare Waiver Evaluations

Mr. Chairman, I believe one way Casey can bring some light to the discussion on child welfare financing is to share the results of our analysis of child welfare financing waivers, completed last December. We attach for the record a copy of the executive summary, titled *The Effects of Federal Child Welfare Financing Waivers*. The full report is available online, at www.casey.org. Casey analyzed child welfare demonstration projects designed to expand state program flexibility while maintaining, but capping, the current level of program funding.

Our analysis of the waiver evaluations available to date lead one to the inescapable conclusion that it would be premature to move to a level block grant or capped allocation of Title IV-E funding. State demonstrations conducted with child welfare waivers generally do not demonstrate the kind of statistical significance necessary to conclude that children benefit in measurable ways from waiver activities, but they do indicate that limited funding is a significant barrier to their successful implementation.

The core findings of our analysis that relate to child welfare financing and state program flexibility, is that there is only limited success among waiver demonstration programs that maintain budget neutrality, a federal requirement.

Waiver activities have a cost associated with them that must be offset by other child welfare activities in order to remain budget neutral. Therefore, it is vital to know that positive outcomes outweigh the potential negative outcomes from the shift in spending, before expanding allowable activities that can be reimbursed through Title IV-E in a capped or budget neutral environment.

Our analysis found positive results—even cost savings—in the area of assisted guardianship and kinship care, but did not find statistically significant outcomes in other waiver areas under federally-required budget neutrality. In many cases, waiver activities were more expensive than anticipated and therefore had to be pulled back during implementation, which negatively impacted potential positive outcomes. In general, waiver evaluations required by law did not have statistically significant findings, primarily due to low participation. As a result, it is difficult to determine whether waiver activities benefit the children they serve.

In addition to recommendations based on the analysis, the Casey report looks at other federal funding resources that can be used for child welfare services. We note in the analysis that most child welfare waiver activities attempted by states in a budget neutral context could have been conducted alternatively under other federal programs such as Medicaid, State Children's Health Insurance Program (SCHIP), Temporary Assistance for Needy Families (TANF), and the Social Services Block Grant (SSBG). Each of these programs provides existing authority to states for many of the activities performed through the child welfare waivers.

Though evaluations of waiver activities do not support sweeping reforms of the child welfare system, they do raise targeted policy options that could benefit State child welfare programs:

- **Allow subsidized guardianship to be reimbursed through Title IV-E:** There was much enthusiasm in states for assisted guardianship and kinship care. This is the only waiver activity that demonstrated success within the context of budget neutrality, and even with proven savings in Illinois. Recognizing non-licensed kinship homes for reimbursement under Title IV-E would allow all states to reap the benefit of these programs.

- **Adequately fund existing programs:** Federal programs such as TANF and SSBG already provide the authorities for states to conduct many waiver activities. More adequate funding for these programs may allow states to use some funds for child well-being activities currently provided under child welfare waivers. Some states do provide child welfare-related services under one or both programs. However, TANF funding has been fixed since 1996 and no increase is anticipated, while the SSBG authorization was significantly reduced in 1998, making it an unlikely source to expand child welfare services.
- **Explicitly authorize mental health and rehabilitative services for the child welfare population under Medicaid and SCHIP:** Fifteen of the twenty-five child welfare waivers utilized Title IV–E funding for behavioral health services, including substance abuse, despite authorization of such services under Medicaid and/or SCHIP. Although children whose foster care is federally reimbursed are automatically eligible to Medicaid, behavioral and mental health services for foster children are often purchased by states under other capped federal programs, such as Title IV–B, TANF or SSBG, or with Title IV–E waiver funds.

We urge the Committee to focus on providing statutory language to encourage states to provide mental and behavioral health and rehabilitative services to the child welfare population under their existing Medicaid and SCHIP programs.

To reinforce our recommendation on access to mental health services for foster children, I want to discuss another Casey study released this year. Our findings from *Improving Family Foster Care: Findings from the Northwest Foster Care Alumni Study* strongly emphasize the long-lasting effects on young adults of not having access to proper mental health care during their years in foster care. Conducted jointly with Dr. Robert Kessler of Harvard University, the report shows that compared to the general population, a disproportionate number of alumni (at ages up to 24) had certain kinds of mental health problems, especially post-traumatic stress disorder, major depression, social phobia, panic syndrome, and generalized anxiety.

Over 54 percent of the alumni had at least one current mental health problem, compared with 22 percent for the general population. Particularly striking—and sad—is the fact that one in four (25%) had experienced symptoms of Post-Traumatic Stress Disorder (PTSD) within the past 12 months. These PTSD rates are nearly *double* that of most U.S. war veterans. For comparison, 6% of Afghanistan veterans, 12–13% of Iraq veterans, and 15% of Vietnam veterans currently suffer from PTSD.

Members of the Committee, I submit that among all of our concerns about improving the care of children entrusted to the child welfare and foster care system, this shocking evidence of the lack of proper mental health care stands out as one of those that—collectively—we can and must do something about.

Thank you for the opportunity to present the views of the Casey Family Programs. Our public policy office here in Washington is available to work with the committee on proposals to improve the delivery of child welfare and foster care services. Not only does Casey conduct our own research, but we partner with a variety of non-government organizations and foundations investing resources on these issues.

Attachments:

Executive Summary, The Effects of Federal Child Welfare Financing Waivers

December, 2004, Casey Family Programs. (2 pages)

Graph: Mental Health Diagnoses Among Foster Care Alumni and the General Population. *Improving Family Foster Care: Findings from the Northwest Foster Care Alumni Study*, Casey Family Programs, 2005.

The Effects of Federal Child Welfare Financing Waivers December 2004
Executive Summary

Much concern has been expressed in recent years regarding child welfare financing and state program flexibility. In an effort to educate policy-makers, Casey Family Programs has undertaken an analysis of child welfare demonstration projects designed to expand state program flexibility while maintaining, but capping, the current level of program funding. In looking at evaluations to date, we found only limited success for demonstration projects that maintain budget neutrality. In addition, our analysis found that alternative federal programs provide existing authority to states for many of the activities performed through child welfare waivers.

It is important to note that waiver activities have a cost associated with them that must be offset by other child welfare activities in order to remain budget neutral, a federal waiver requirement. Therefore, it is vital that, before expanding allowable activities that can be reimbursed through Title IV–E, statistically significant evidence indicates that the activity has positive outcomes that outweigh the potential negative outcomes from the shift in spending. Our analysis of the waiver evaluations available to date lead one to the inescapable conclusion that it would be premature to move to a level block grant or capped allocation of Title IV–E funding. State demonstrations conducted with child welfare waivers generally do not demonstrate the kind of statistical significance necessary to conclude that children benefit in measurable ways from waiver activities, and indicate that limited funding is a significant barrier to their successful implementation.

Our analysis found positive results in the area of assisted guardianship and kinship care (and even cost savings), but did not find statistically significant outcomes in other waiver areas under federally-required budget neutrality. In many cases, waiver activities were more expensive than anticipated and therefore had to be pulled back during implementation, which negatively impacted potential positive outcomes. We note in our analysis that most child welfare waiver activities attempted by states in a budget neutral context could have been conducted alternatively under other federal programs such as Medicaid, State Children’s Health Insurance Programs (SCHIP), Temporary Assistance for Needy Families (TANF), and the Social Services Block Grant (SSBG). In general, waiver evaluations required by law did not have statistically significant findings, primarily due to low participation. As a result, it is difficult to determine whether waiver activities benefit the children they serve.

Recommended Targeted Reforms That Could Make a Difference

Though evaluations of waiver activities do not support sweeping reforms of the child welfare system, they do raise targeted policy options that could benefit State child welfare programs:

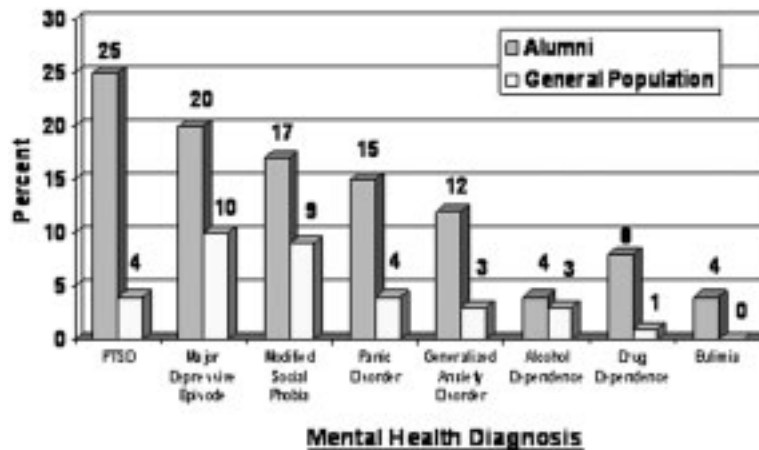
- **Allow subsidized guardianship to be reimbursed through Title IV–E:** There was much enthusiasm in states for assisted guardianship and kinship care. This is the only waiver activity that demonstrated success within the context of budget neutrality, and even with proven savings in Illinois. Recognizing non-licensed kinship homes for reimbursement under Title IV–E would allow all states to reap the benefit of these programs.
- **Adequately fund existing programs:** As noted above, federal programs such as TANF and SSBG already provide the authorities for states to conduct many waiver activities. Unfortunately, funding for TANF has been level since 1996, and funding for SSBG has actually decreased in recent years. Adequate funding may allow states to use these programs for child well-being activities currently provided under child welfare waivers.
- **Explicitly authorize mental health and rehabilitative services for the child welfare population under Medicaid and SCHIP:** Foster care placement instability has been associated with increased mental health costs during the first year in foster care, particularly among children with increasing general health care costs.¹ Fifteen of the twenty-five child welfare waivers utilized Title IV–E funding for behavioral health services, including substance abuse, despite authorization of such services under Medicaid and/or SCHIP. Children whose foster care is federally reimbursed have been automatically eligible for Medicaid since 1980.² Nevertheless, behavioral and mental health services for foster children are often purchased by state child welfare agencies under other capped federal programs, such as Title IV–B, TANF or SSBG, or with Title IV–E waiver funds. Policy-makers should focus on why states are not already providing these services under Medicaid and/or SCHIP, and consider inserting more explicit statutory language to encourage states to provide mental and behavioral health and rehabilitative services to the child welfare population under their existing Medicaid and SCHIP programs.

¹PEDIATRICS Vol. 113 No. 5 May 2004, pp. 1336–1341

²MaryLee Allen and Mary Bissell, *Safety and Stability for Foster Children: The Policy Context*, Vol. 14 The Future of Children No. 1, at 59 (December, 2003).

Mental Health

Twelve-Month Mental Health Diagnoses among Foster Care Alumni and the General Population



Source: Pecora, P. J., Kasler, R. C., Williams, J., O'Brien, K., Downs, A. C., English, D., White, J., Hipli, E., White, C.R., Wiggins, T. & Holmes, K. (2005). *Improving Family Foster Care: Findings from the Northwest Foster Care Alumni Study*. Seattle, WA: Casey Family Programs. www.casey.org

Chairman HERGER. Thank you Ms. Hahn. Again, you mention that these children—the study showed that they have twice the rate of stress of soldiers, if there is any indication of how a system is broken, I think that is certainly it. Thank you. Dr. Wulczyn to testify.

STATEMENT OF FRED WULCZYN, PH.D., RESEARCH FELLOW, CHAPIN HALL CENTER FOR CHILDREN, CHICAGO, ILLINOIS

Dr. WULCZYN. Chairman Herger, Members of the Subcommittee, thank you very much for inviting me to speak with you today. My name is Fred Wulczyn. I am a research fellow at the Chapin Hall Center for Children at the University of Chicago, an independent research and development center devoted to bringing sound information, rigorous analysis, and an independent perspective to the public debate about the needs of kids.

I want to thank you for the opportunity to speak with you today about outcomes for children served by our Nation's child welfare system and whether expenditures on their behalf align with those outcomes. My remarks today are based on my research with States and localities, including places like New Jersey, Connecticut, New York, Illinois, helping public child welfare agencies better understand their outcomes and linking outcomes to funding. In the interest of time, I will keep my remarks brief and to the point.

As you have heard, one of the central challenges facing child welfare administrators today has to do with managing how the child welfare system is financed, while working hard to achieve positive outcomes for children and families. The task is complicated because even though Federal policy favors prevention over foster care, Federal funding in the United States leans more heavily toward foster care over other types of services. In response to this fiscal incentive, States and localities have over the years come to rely on foster care as a large part of the system that serves maltreated children. Today as States work to meet the needs of children and families without removing them from their homes and communities, the nature of Federal funding does indeed limit the opportunity, because once funding is tied up in the foster care system, redirecting foster care dollars when it is advantageous to do so is difficult.

As you know, various proposals designed to address how Federal revenue flows to the States have been offered over the years. Some critics of the current system recommend expanding the level of funding, the types of services eligible for Federal reimbursement, and the list of who is eligible to receive federally funded services. Proposals that fit this category increase flexibility by expanding the scope of services.

Other critics of the current system prefer block grants as a solution. Block grants increase flexibility by pulling back on the rules that regulate how Federal revenue may be spent. As I am sure you know, the various proposals that fit these categories have strengths and weaknesses. I will not delve into the arguments except to make a single point, which is this: any proposal that purports to increase flexibility over the use of Federal funds earmarked for foster care, that does not contain an explicit and unambiguous link between outcomes and funding, is inherently inferior to a proposal that does contain such a link. The reasons why this is true are quite simple. Within the child welfare system, flexibility refers to the ability to spend funds earmarked for one type of service, in this case foster care, or some other type of service that achieves the same outcome. The aim of the foster care program is to provide services, provide for the safety of the children, funds that are spent on services other than foster care must meet the safety needs at a level commensurate with or better than what would have been true had those dollars been spent on foster care. If the services provided do not lower the need for foster care, then funds originally earmarked for foster care must be spent on foster care. That is the way to provide safety.

In other words, real flexibility depends on changing foster care outcomes. Without better outcomes, fiscal flexibility exists in name only, regardless of how revenue is conveyed to the States from the Federal Government. Proposals that connect outcomes with finance have several other advantages over proposals that do not. First, the focus on outcomes keeps the needs of children front and center. Historically, changes to fiscal policy have been seen as a way to drive the system toward better outcomes. The assumption has been that sound fiscal policy begets better outcomes. A focus on outcomes flips this thinking on its head by placing fiscal decisions in a context defined by outcomes. In this context the dynamic shifts such that better outcomes begets better fiscal policy.

Second, the direct and unambiguous link between outcomes and finance focuses greater attention on agency management, the linchpin of success in any and all serious reform efforts, regardless of how the system is funded. To achieve real flexibility as I have defined the term, each State needs to devise a service strategy that matches increased purchases of preventive services with real changes in the utilization of foster care. For this to happen, each State has to understand their baseline utilization of foster care, the pattern of outcomes and the service alternatives that offer the best and clearest alternative to reducing the need for foster care. Without clear baselines, no State locality or provider can hope to know whether investments in alternative services are having their intended effect.

Third, a clear link between outcomes and funding also provides a more seamless approach for connecting State performance with what is happening at the local level. One of the critical tasks facing States is how to convey their power to allocate Federal revenue flexibly to the local level. In county operated systems, local child welfare administrators may want to offer greater flexibility to their network of providers. There is no loss of accountability for outcomes as funding passes from one level of government to another because outcomes are tied to funding.

In closing, let me offer the following conclusion. We have had for the past 25 years, if not longer, a child welfare system in which funding and outcomes are only loosely connected. I am not surprised that per capita spending for foster care bears little relationship to outcomes. However, we have to remember that the rationale for how the current system is funded draws on a different set of principles. The current system was not designed with an explicit link between outcomes and funding in mind. If we want a child welfare system that connects outcomes with funding, then we have to construct a policy context that makes that link explicit. Simple entitlements do not accomplish that aim anymore than simple block grants do. Thank you very much for your time.

[The prepared statement of Mr. Wulczyn follows:]

Statement of Fred Wulczyn, Ph.D., Research Fellow, Chapin Hall Center for Children, Chicago, Illinois

Chairman Herger, Members of the Subcommittee, thank you very much for inviting me to speak with you today. My name is Fred Wulczyn. I am a Research Fellow at the Chapin Hall Center for Children at the University of Chicago, an independent research and development center devoted to bringing sound information, rigorous analysis, and an independent perspective to the public debate about the needs of children and the ways in which those needs can be met. I want to thank you for the opportunity to speak with you today about outcomes for children served by our nation's child welfare system and whether public expenditures on their behalf align with those outcomes. My remarks today are based on my research with states and localities, helping public child welfare agencies better understand their outcomes, and linking outcomes to funding. In the interest of time, I will keep my remarks brief and to the point. If I may be of further assistance to the Committee, I hope you will feel free to ask. I would be happy to help in anyway that I can.

One of the central challenges facing child welfare administrators today has to do with managing how the foster care system is financed while working hard to achieve positive outcomes for children and families. The task is complicated because even though federal policy favors prevention over foster care, federal funding in the United States leans more heavily toward foster care over other types of child welfare services. In response to this fiscal incentive, states and localities have over the years come to rely on foster care as a large part of the system that serves mal-

treated children. Today, as states work to meet the needs of children and families without removing them from their homes and communities, the nature of federal funding for foster care limits the opportunity, because once funding is tied up in the foster care system, redirecting foster care dollars when it is advantageous to do so is difficult.

Various proposals designed to address how federal revenue flows to states have been offered over the years. Some critics of the current system recommend expanding the level of federal funding, the types of services eligible for federal reimbursement, and the list of who is eligible to receive federally funded child welfare services. Proposals that fit this category increase flexibility by expanding the scope of services. Other critics of the current system prefer block grants as a solution. Block grants increase flexibility by pulling back on some of the rules that regulate how federal revenue may be spent.

As I am sure you know, the various proposals that fit these categories have their strengths and weaknesses. I will not delve into the arguments for or against, except to make a single point, which is this: Any proposal that purports to increase flexibility over the use of federal funds earmarked for foster care that does not contain an explicit, unambiguous link between outcomes and funding is inherently inferior to a proposal that does contain such a link. The reason why this is true is quite simple.

Within the child welfare system, flexibility refers to the ability to spend funds earmarked for one type of service (i.e., foster care) on some other type of service that achieves the *same* outcome. Because the aim of the foster care program is to provide for the safety of children, funds that are spent on services other than foster care must meet the safety needs at a level commensurate with or better than what would have been true if those dollars were used to provide foster care. If the services provided do not lower the need for foster care (e.g., by reducing the likelihood that a child will enter placement, reducing the time a child is in foster care, or reducing the likelihood of returning to foster care following discharge), then funds originally earmarked for foster care must be spent on foster care. In other words, *real* flexibility depends on changing foster care outcomes. Without better outcomes, fiscal flexibility exists in name only, regardless of how revenue is conveyed to the states from the federal government.

Proposals that connect outcomes with finance have several other advantages over proposals that do not. First, the focus on outcomes keeps the needs of children front and center. Historically, changes to fiscal policy have been seen as a way to drive the system toward better outcomes. The assumption has been that sound fiscal policy begets better outcomes. A focus on outcomes flips this thinking on its head by placing fiscal decisions in a context defined by outcomes. In this context, the dynamic shifts such that better outcomes beget better fiscal policy.

Second, a direct and unambiguous link between outcomes and finance focuses greater attention on agency management, the lynchpin of success in any and all serious reform efforts, regardless of how the system is funded. To achieve real flexibility as I defined the term above, each state agency has to devise a service strategy that matches increased purchases of preventive services with changes in the utilization of foster care. For this to happen, each state has to understand their baseline utilization of foster care, their pattern of outcomes, and the service alternatives that offer the best hope of reducing the need for foster care. Without clear baselines, no state, locality, or provider can hope to know whether investments in alternative services are having their intended effect. The link between outcome and funding also requires active monitoring in real time. If the link to outcomes is not explicit from the outset, it will not be possible for states to understand how they are doing relative to assumptions that have been made regarding the potential benefits of any given program strategy. In other words, self-correction is only possible after the fact, when it is too late.

Third, a clear link between outcomes and funding also provides a more seamless approach for connecting state performance with what is happening at the local level, provided the baselines are established on a state-by-state basis, which is how this should be done. One of the critical tasks facing states is the need to pass their power to allocate federal revenue flexibly onto the local level. In county operated systems, local child welfare administrators may want to offer greater flexibility to their network of providers. Because outcomes are tied to funding, there is no loss of accountability for outcomes as funding passes from one level of government to the next. This feature is absolutely critical to promoting a rational, outcome driven system.

Fourth, connecting outcomes with funding within a flexible funding strategy provides an opportunity for devising more sensible risk-sharing arrangements between the federal and state governments. Risk sharing refers to what happens when the

observed demand for foster care exceeds the expected demand and costs increase. For the most part, everyone agrees that increased foster care costs driven by real changes in demand (e.g., greater risks to children) should be addressed with a plan that equitably shares costs between the various levels of government. However, distinguishing between a real increase in demand and increases caused by other factors is impossible if the parties to the discussion do not have the clear baselines needed to pinpoint how and why demand increased (e.g., more admissions, longer lengths of stay, greater reentry). The baselines needed to deliver real flexibility provide the input needed for those discussions.

In closing, let me offer this conclusion. We have had for the past twenty-five years, if not longer, a child welfare system in which funding and outcomes are only loosely connected. I am not surprised that per capita spending for foster care bears little relationship to outcomes. However, we have to remember that the rationale for how the current system is funded draws on a different set of principles. The current system was not designed with an explicit link between outcomes and funding in mind. If we want a child welfare system that connects outcomes with funding, then we have to construct a policy context that makes that link *explicit*. Simple entitlements do not accomplish that aim anymore than simple block grants do.

Chairman HERGER. Thank you very much. Now, the gentleman from Connecticut to inquire.

Mrs. JOHNSON. Ms. Hahn, I have tremendous respect for the Casey Foundation and the work you have done for children and the difference you have made in their lives. I am, however, disappointed in your analysis. I appreciate that the history of block grants isn't all good but it is also true that these block grants would be tied by law to the same increases in baseline that the current program is tied to. Now foster care spending goes up according to baseline projections, and where there is an expected increase there is an expected rise in the baseline, and that is what the State gets. Unfortunately, both good and bad, there are States that are leveling out or declining, sometimes because they can't find foster parents, not because the children don't have needs.

You know—and in the proposal as it has been detailed, legislative language or not, you can choose to have 20 percent a year. You can choose to allocate your 5 years of baseline increase any way you want. It costs a lot more money to give States an option, because only those States that have a clear upward trend in their baseline are going to take it.

I think by making analogy to other programs, the Community Service Block Grant is a particular case because of the vagueness of exactly what it does, and the accountability issues. I am a big advocate of it. I am a chief advocate. It is a completely different—you are comparing apples and oranges. You are saying we need to fund guardianship, which I agree—I don't know why you are not harder on States about not using Medicaid to pay for mental health services when Medicaid covers mental health services, and that could save foster care dollars. We are all saying the administrative nightmare that is this program is worse than any other program I have ever seen because all four parts are different.

Then there is TANF and there is this and there is that. You can't duck on this one. I appreciate your concerns about the block grant. Are there any ways we can build it in, and why not an option? At least those block grant funds could be used for funding guardianship and substance abuse treatment and the other kinds of services that families need to keep kids out of foster care.

We have all kinds of models. I hear it every day. We kept the family together. We didn't have to take the kid out because we went to the parents' alcohol abuse problem and we began talking about it, treating it, and the whole family was involved. The idea of just not doing anything because the history of every block grant isn't good, the history of TANF is very good. In spite of the fact that caseload has dropped 50 percent, we have stayed absolutely true to our pledge to keep funding at the same level. There is a lot of service money in TANF that never used to be there.

You have got to help us on this administrative issue. If you don't want to take on the option of flexibility because of your fears, then make recommendations about how we very radically simplify the program so much less money goes into administration. I don't think I have ever seen a program in which so much money went into administration. If you look back at that evaluation of the States' performance under the Safe Families Act, not one State—after how many years—was in compliance. It was an absolutely appalling review and then this review.

There isn't any good news out there. This program is doing badly and it is for the children who need it most. We have got to do better than say the old way has to stay and we have got to add money for this, that, and the other thing, because in today's world that just isn't going to happen. Whether I like it or not is not the issue. I really expect more of the Casey Foundation. I know how important guardianship is. We have had some excellent testimony on things we have to do. We have to have the States—we have to give them the latitude. You must be aware of all the wonderful things that they are doing.

Ms. HAHN. I guess let me start, because you raised a number of issues.

Mrs. JOHNSON. I am just appalled at the negativeness of your testimony and its failure to address the obvious problems that, day in and day out, that caseworkers at DCF in Connecticut, who are dedicated, wonderful people, are struggling with.

Ms. HAHN. First I want to apologize. I didn't mean to cut you off, Congresswoman Johnson. I apologize. First thing I want to say is Casey doesn't defend the status quo. We recognize that there are problems with the current situation in child welfare and actually lay out three recommendations that we feel would help improve the current child welfare system.

Recommendation one was—dealt with the issue of kinship care and ensuring that they were able to be reimbursed. The second issue dealt with SSBG and TANF. Now, the reason why we think that is extremely important is because right now, based on the Urban Institute study that was released in December of 2004, it showed that 43 percent of child welfare services are paid for through SSBG, TANF, and Medicaid. It is very critical that those programs be adequately funded because States are using those dollars to pay for the exact preventive services that you, the Committee, and Dr. Horn has been advocating for.

Third, I wholeheartedly agree with you and Mr. Chairman about the issue around the post-traumatic stress syndrome for kids in foster care. It is appalling. I like to say that it is like children walking around who are walking wounded. Would we consider it accept-

able to allow our soldiers to return back to the States with these levels of post-traumatic stress syndrome? I think not. That is why we feel it is very critical.

I know that the Medicaid program is not in the jurisdiction of the Committee on Ways and Means. It is in the jurisdiction of Energy and Commerce. However, we know that you—there is much interplay between child welfare and Medicaid and it is very critical, I think, to take this opportunity to speak on this issue because clearly Medicaid is not paying for these services, and that is why.

Mrs. JOHNSON. My time has expired but I do hear what you are saying. Just to say more money in these categories, when under the current circumstances, when in TANF we really have had a remarkably persistent and honorable commitment, I think is not realistic. There is so much money we can save within the current program through administrative reform and using the money more effectively, and we need your help on that as well.

Chairman HERGER. The gentle lady's time has expired. The gentleman from Washington, Mr. McDermott, to inquire.

Mr. MCDERMOTT. Thank you, Mr. Chairman. Mr. Winstead and Ms. Hahn, would you support Congress removing a cap on title IV-B?

Ms. HAHN. I guess I will speak up for—yes, absolutely. The purpose of title IV-B is for preventive services to a large extent, and in fact that was the way it was sold to the child welfare community. Unfortunately, it has never been adequately funded up to its authorized levels. If we removed that cap, it would allow States to have the flexibility that Dr. Horn has spoken to and what we are hearing from the States in order to be able to do more on the front end as opposed to the tail end.

Mr. WINSTEAD. Congressman, if you would like me to take more money with me back to Florida, I would be glad to have the extra luggage with me. However much the funding is, I think the critical issue is can we make it work better, can we be more efficient, and can we be more effective in our funding? We need to focus more on prevention. I think the proposal that is made by the Administration in the Chairman's bill will help us to do that but certainly we need to focus more on prevention.

Mr. MCDERMOTT. You don't have any problem with taking more money? What I hear you saying is that if you could move the money around, you wouldn't need more money. Is that what I am hearing you say?

Mr. WINSTEAD. No. What I am saying, Mr. McDermott, is that if we could take the resources we have and use them more efficiently and effectively, it would be better than the complex and burdensome rules that we have now where we have to look back to 1996 eligibilities in title IV-E. The AFDC program was repealed by this Subcommittee and this Committee, yet it still is alive and well embedded in the lookback provisions of title IV-E. That is why that kind of complexity and that kind of administrative burden is what we would like to do away with, so that our frontline professionals can focus more on the job of several children and not on the accounting tasks related to eligibility.

Mr. MCDERMOTT. Let me ask a question further from Ms. Hahn about the question of the whole methamphetamine question.

Tell me about that and what is going on out in the various States around the country.

Ms. HAHN. Well, why don't we start with Washington State first? In 1996 we looked at the number of individuals going into that State around substance abuse treatment specifically for the meth issue, and it was at 1.5 percent. It is now in 2003 at 20 percent. Washington State is not unique. Colorado has very similar numbers as well. We are also seeing it in northern California and it is growing across the country.

Recently, Casey had a convening of child welfare State directors in the seven States that were in operation and we heard across the board, Arizona, Texas, California, Idaho, Washington State, that they are seeing the issue growing and that is leading to higher numbers of caseloads. That, again, reemphasizes, where is the ability for States to be able to respond to a crisis like that?

We experienced much the same with the crack cocaine issue. We hadn't anticipated or saw anything in previous years to prepare us for that. I know that Dr. Horn has made mention of the fact that there is the contingency fund in TANF. He didn't mention the fact that they also provide \$200 million in the Congressional Budget Office (CBO) baseline as well.

However, let me just give you an example of just one State alone. Texas just passed \$250 million to provide for additional caseworkers. Now, that is 250 million. We are providing Congress \$200 million for all 50 States. I think that speaks volumes about the fact of how much resources would really be readily available when States experience what we are seeing already, as it looks like the tip of an iceberg in terms of a surge around this issue.

Mr. MCDERMOTT. If you have got yourself locked in for 5 years and you have a spike, where do you go? You get it all out of that \$2 billion.

Ms. HAHN. You would look at that, the contingency fund. You would look at this also, the CBO baseline. Right now as we just said, Texas alone, that \$200 million, they have expended already \$250 million, which exceeds that. If you have all 50 States drawing down on those TANF contingency funds—and remember, TANF is also to be paying for these same low-income families on another issue as well—so to think that that would be adequate resources I think is very optimistic.

Mr. MCDERMOTT. The money that—or if we added the word prevention to title IV–E, would that help?

Ms. HAHN. I think that there is an enormous need for allowing States more flexibility, but I think flexibility tied to a capped funding. There is no way that we can show that there is going to be proven results in terms of better outcomes for kids. If we did speak to prevention, I think this would be wonderful, because as we know, we can save so much more on the front end as opposed to the tail.

Mr. MCDERMOTT. Dr. Horn made a big point of saying no money can be used for services. If we allowed prevention in that placement services and administrative costs and prevention, if we added that word, simple word, we would at least open it up, although it is capped, that still makes a problem.

Ms. HAHN. Yes. I think this would be of benefit.

Mr. MCDERMOTT. Thank you, Mr. Chairman.

Chairman HERGER. Thank you. The gentleman from Colorado, Mr. Beauprez, to inquire.

Mr. BEAUPREZ. Thank you, Mr. Chairman. Ms. Hahn, I expect we were all blanched considerably at your testimony about Post Traumatic Stress Disorder (PTSD). Those are absolutely staggering results from your study. Do you have any information that would indicate whether the PTSD is a result of what happened before or during foster care?

Ms. HAHN. Actually we were so troubled by those numbers at Casey that we are now working with Harvard University to find out where exactly—is it a result of what they experienced prior to coming into care; is it a result of what they experienced during their care; is it a result of the fact that once we emancipated them they weren't provided any health insurance coverage because their State didn't provide health insurance up to the age of 21 under Medicaid? We are really trying to find where along the continuum are these kids actually receiving the most harm. I think it might be a combination of the factors, truthfully.

Mr. BEAUPREZ. Were there geographic variations? Did your results vary widely depending where these children came from?

Ms. HAHN. Actually, no. What we did see, and I know the post-traumatic stress syndrome is also a very troubling issue. Included in our testimony, our written testimony, we also looked at some other issues around mental health outcomes and we saw that kids in the foster care system also had higher rates of depression, substance abuse, sociophobia; and we actually tied that, interestingly enough, to some educational outcomes that explained why we had higher rates of kids going into obtaining a General Equivalency Degree (GED). Many of them expressed the fact that they couldn't stand to be in a closed setting of a school classroom, and therefore they found that a GED allowed them to deal with some of their mental health issues as opposed to trying to do the more traditional route. We are following up on these studies to see if there is some more information that we can garner in terms of where exactly along that entire continuum is leading to not only the post-traumatic stress syndrome but these other troubling outcomes as well.

Mr. BEAUPREZ. Some of your dialog just moments ago—actually, I probably already demonstrated in my first Q and A that I am a fan of flexibility. I hear it from my State officials over and over again. Your testimony in regard to the meth increases that I am very much aware of in my State—and while some areas are going to deal with those kind of problems, some aren't; some are going to deal with other problems, some aren't. That to me argues for local officials having more and more ability to deal with their own peculiar circumstances or unique circumstances.

Doctor, you are the one who said if you are going to go down this path of providing flexibility, I think, I don't want to put words in your mouth, but it seemed like you acknowledged that our outcomes, at least today under the system as it exists, are not as good as we would like them to be. Is that a fair characterization?

Dr. WULCZYN. I think it is a fair characterization. I also think that it is fair to say that it is very hard to draw a single conclusion

about a system that is as diverse and as complicated as this one is. Even in States that have not performed particularly well on the child and family service review, there are places in those various States where there are models of good child practice. I think it is very difficult to draw sort of one-size-fits-all conclusions.

Mr. BEAUPREZ. Perhaps we then should learn from those where the outcomes have been good. You are the one who suggested rather strongly that if we are going to go down the flexibility path, then we ought to tie it to outcomes. What outcome specifically ought we be incentivizing, I guess, if we can put it in that context?

Dr. WULCZYN. Well, that is exactly the question. I think there is already, in terms of how the field has developed over the last 10 years, considerable consensus on what are the outcomes. How long do children stay in care? What is the likelihood that they will be reunified with their parents? What is the likelihood that they will be adopted? I think it is useful to point out in this context that the child and family service reviews do not measure those outcomes. They get close but they do not measure. The idea of correlating public expenditures, Federal expenditures with the State level outcomes as derived from the child and family service review, I think you get—you are on target, but you are not hitting the center of the target, the bulls-eye. It is very important. That is why I made a point of saying we have to be very explicit when we talk about linking outcomes with revenue and we need to start with the outcomes and then looking at the implications vis-a-vis funding.

Mr. BEAUPREZ. Lastly, if I might in a few seconds. If we are providing taxpayer dollars and we are insisting on certain outcomes and those outcome targets are not met, then what do we do?

Dr. WULCZYN. Well, you have several options at your disposal. There are penalties embedded in the current Federal legislation in terms of what happens when States don't meet Federal standards. I think that those are the sticks. I think the carrots are providing technical assistance using the model child welfare programs, to the extent they exist around the country, to better educate folks on program miles. I think it would be useful to fund better and more comprehensive research in the area. The funding for child welfare research was zeroed out of the budget in 1996. We are running a multibillion dollar program and there is a very small research and development program from the Federal Government. That has hurt the field tremendously.

Mr. BEAUPREZ. I thank the panel and thank you, Chairman.

Chairman HERGER. The gentleman from California, Mr. Becerra, to inquire.

Mr. BECERRA. Thank you, Mr. Chairman. Thank you for your testimony. I think it helps further enlighten the issue. Ms. Hahn, I want to get back to some of the issues that were raised with regard to the whole issue of flexibility and block grants. You begin your testimony, your written testimony at least, with some details about why we should have some concerns about cap funding or flexible block grants with a guaranteed funding level. You point out how the SSBG, which others have pointed out along with you is an important component in trying to help us service foster care children, that it was severely cut from what it was authorized at \$2.9 billion to now \$1.7 billion and there is where it has remained since

1998. Obviously we have a lot more to do since 1998, but we still have the same amount of money as in 1998, and that is one of the pitfalls of trying to just cap the moneys or block grant it because States are unable to have even the flexibility, if they desired to do what they need, because they don't have the resources.

You also touched on the issue of the whole problem with kids who have to deal with methamphetamine addiction and the whole issue that occurs with them. My understanding is that mental health services today are not reimbursable by the Federal Government for any State that provides those mental health services to that child or to that foster family for that child. Is that correct?

Ms. HAHN. Well, the money is under the Medicaid program for targeted case management. Unfortunately the Administration has decided to cut that program as a part of the President's budget, which is extremely alarming in relation to the studies that we have done that speaks to the high rates of post-traumatic stress syndrome and the other issues that plague kids in the foster care system, higher rates of substance abuse, depression, and so forth.

Mr. BECERRA. Let me tell you that I think that we should publish further testimony rather than try to hide it, because I think you rely on history and numbers to tell us what could happen. While I think all of us would like to see flexibility, we have to be realistic. You can't continue to expect caseworkers, who are underpaid and overworked, to want to do this job as we continue to see the caseloads become more complicated; maybe not even so much increasing, but becoming much more complicated. Methamphetamines were not part of our mix for foster kids 20 years ago. Today they are becoming a greater part, and, as you said, perhaps the tip of the iceberg. Rather than strap a State by limiting its funding or actually causing the State to have to have it compete, agencies compete, whether you give more money for administrative costs to help train a caseworker versus provide actual services to that foster child, to me it seems like what we need to do is target the moneys so that we address where the real gaps are for a State and where the real deficiencies are.

I don't think that we can expect—and we are going to be meeting here over and over and over again to talk to all of you as experts and to the Secretary, Secretary Horn in the future, if we don't do something to address the fact that people who are trying to provide services and do yeoman work, as I believe the Chairman may have said, are underpaid. Any comment on that? Any comment from anyone on the panel on that?

Ms. HAHN. Well, I think just one of the big issues is that Casey strongly supports the need for greater flexibility but flexibility alone is not going to solve the issue. I think Texas really speaks to that very eloquently. Right now Texas uses 40 percent, funds 40 percent of its child welfare services through TANF dollars. Yet at the same time, they are experiencing a—true, probably a lot to do with the meth issue. Nonetheless, they are experiencing a real dramatic increase in caseload. It has gone up from 16,000 to basically 22,000. Even despite the fact that 40 percent of their moneys are flexible to a large extent, they still are not being able to reach the outcomes that they would hope to achieve.

Mr. BECERRA. It reminds me of the whole situation we see our soldiers facing in Iraq, where we have got these sophisticated weapons that cost millions if not billions of dollars, yet we find that so many of our soldiers are having to put up metal sheets to help protect their vehicles from the propelled grenades that are sent at them.

If we could just target our money a little bit wiser, we could do a lot more and certainly not shortchange those areas where we know we could have a great result if we were to just provide the resources. I think what all of your testimony points out is that we do have to provide more flexibility, but we have to do it in smart ways. You can't say that simply providing flexibility means that you can start cutting the funding. Some of these States are doing yeoman work. Again, I applaud the folks that do some of these—some of the work in foster care because it is so debilitating emotionally for the foster care caseworker as well.

I hope that what we find is a way to not only give you the flexibility but truly help you target the resources where they need to go so that we don't see you in another 5 years coming back and saying, well, you gave us the flexibility but we still found that we are losing caseworkers after two years on the job, and we have more kids coming in under circumstances we did not expect. After the methamphetamine blip, now we are seeing something else. I urge you all to continue, and I hope you always will be candid in your testimony, because we need that as we try to make the best assessments. Thank you.

Mr. WINSTEAD. If I can quickly just comment, Mr. Becerra, that I think one of the critical things is to build effective community-based systems of care to bring together the resources and the expertise and communities to focus on these issues. We are experiencing methamphetamine issues disproportionately in rural areas of Florida and the Panhandle in central Florida, and those community-based solutions I believe are going to be the most effective.

Mr. BECERRA. That is right on target. I just hope we don't do what we did with mental health when we talked about doing community-based services where we took folks out of institutions but then didn't provide the community-based care but you are right.

Chairman HERGER. Gentleman's time has expired. The gentlelady from Pennsylvania, Ms. Hart, to inquire.

Ms. HART. Thank you, Mr. Chairman. Mr. Deputy Secretary, I appreciate your testimony. I was a State Senator for 10 years, and that is really where a lot of my experience comes in with trying to make sure the system on the frontlines is working. I gathered that the proposal would actually help you in what your goal is, and that is to basically make sure the services are provided. Right now it seems from your testimony that there is a lot of time spent on process and compliance, yet you really don't have that power that you need to focus on outcomes. Is that correct?

Mr. WINSTEAD. Yes, Congresswoman. The issue I think for us is that in order to make the system work, we need to bring together a variety of Federal, State, and local resources. The more effectively that we can help local communities knit that together, the more effectively that they can provide services to the children and families that need them and produce those outcomes.

I would certainly concur wholeheartedly with the need to have clearly defined outcomes and to tie incentives to those outcomes. That certainly would be something that our State legislature would also support in the direction that they are very interested in. The more effectively we can bring those resources together, then the more effectively we can serve children and families. The complexities that we have in title IV-E eligibility particularly, along with some of the other funding sources, are part of the problem, not part of the solution.

Ms. HART. From your testimony, the CFO of Childnet had stated that he spends close to a million dollars a year to manage Federal eligibility. Obviously, given more flexibility and more opportunity to make the decisions on the State level, on the local level, would you see that almost as an increase, even if we keep funding levels the same?

Mr. WINSTEAD. Sure, if they are resources that are going today to maintain eligibility and administrative and accounting processes, and it is not only a lot of the time, 50 percent of the time of the CFO is certainly there, but a lot of resources that he talks about are frontline caseworkers that are having to spend their time documenting eligibility, documenting administrative processes to justify various Federal funding. That is time that we can free up, and if we can use that more effectively that is a more efficient use of resources that will let us do our jobs better.

Ms. HART. I think it also would make the caseworkers a lot happier.

Mr. WINSTEAD. I would say virtually all of our caseworkers got into the business not because they wanted to be accountants.

Ms. HART. Right. Actually it is a common complaint. Our goal certainly is to make sure that those who are actually providing the direct services and, every case being different, are going to have the opportunity to utilize the resources that we give them obviously to the best advantage of the child and the family.

Mr. WINSTEAD. Yes.

Ms. HART. What would—aside from the opportunity to use the money more effectively, do you see a problem with funding under this plan? It has been stated and restated over and over again that there is some phantom loss of money here.

Mr. WINSTEAD. I understand that, and the same struggle; I was with the State also in 1995 when we were looking at what would the future be like for TANF, and we heard many of the same concerns. It was an extraordinary benefit to children and families in Florida that we got that flexibility and the fixed funding has not turned out to be an issue there. As you can see from my testimony, we spend a lot of TANF money in child welfare. A lot of that is part of a program we call the relative care giver program. The first goal of TANF is that children in needy families grow up in their homes or the homes of relatives. We thought it was very consistent with TANF purposes to take that portion of our children and create a special program, which we did. We use a lot of TANF money for that. That is an example, I think, of making good use of flexibility.

I understand the fear that people would have about funding, but I think it has been pointed out, we are not talking about fixed funding. We are talking about an anticipated level of funding con-

sistent with what you would expect to earn under title IV–E. If we can get the same amount of dollars but use them more efficiently and effectively, then we are ahead.

Ms. HART. Well, I think you have answered my question. Thank you and I yield back.

Chairman HERGER. I thank the gentlewoman. Dr. Wulczyn, if I could ask a follow-up question to what was asked before. In your experience of working with States and their outcomes linked to the level of funding, are there examples of cities or States that have systems in place to track outcomes in real time that might help us with our work? For example, what does New York City do in this regard?

Dr. WULCZYN. Well, that is an excellent example of the kind of progress that is being made in relationship to connecting funding with the outcomes that the Administration For Childrens Services is seeking. It is perhaps a bit too much inside baseball to go into the details. I think that the Administration for Children's Services has made tremendous progress on establishing the kind of explicit link between outcomes and services that I talked about and in a way that I think highlights some of the tensions that have been brought to the Committee's attention regarding what is basically a risk-sharing problem that happens. That is the case.

What happens when our expectations for the future don't match what actually happens? How do we reconcile the two differences? There are various proposals that have been put forth for sharing that risk. I think that the experience in New York City is an example of how to understand the risk, and how to develop proposals for dealing with it in a fair and equitable manner that eliminates the notion of a cap but connects the money to the outcomes.

Chairman HERGER. Thank you. Mr. Winstead, what would adopting the President's option, if available, mean for the way you operate child protection programs in Florida? What would you change, and what would most benefit?

Mr. WINSTEAD. I think the primary benefit, it would be to simplify the way that we use funds. It would help free up the time of frontline caseworkers and those who administer those programs so that our community-based systems of care could operate more effectively.

First of all, let me say, Mr. Chairman, I don't think, in fact I know, that we do not remove children from their homes based on their funding or return children from foster care based on what funding is tied to them. However, the time it takes us to manage those administrative processes is time taken away from the needs of children and their families. If we can say to our community-based partners, here is the money that you are going to have, you can use those funds to help prevent entry into foster care, when that can be safely done for children who have been removed from their homes but who can be safely returned home through a provision of services, that you can use resources for that purpose, for children who are returning after a stint in foster care, that you can use those resources, as well as provide out-of-home care when children cannot be safely returned, then I think that flexibility is what we need.

Chairman HERGER. Mr. Winstead, I want to thank you for your comparison. I know there is a great deal of concern, the idea of block granting is a scary thing to many. Yet the example of what we saw, what we are seeing happening with TANF, where we block granted and we actually saw those on welfare roles reduced by some 60 percent, and yet the money remained there, that that was an incentive there, and perhaps the incentive to try to adopt earlier, try to get these children out into homes and allow this incentive of the dollars to remain there, I think is one that we certainly should explore and I—

Mr. WINSTEAD. Mr. Chairman, it is incontrovertible that the lives of tens of thousands, perhaps hundreds of thousands of children in Florida are better because of the legislation you passed in 1996.

Chairman HERGER. I thank you for that. Mr. McDermott, did you have a follow-up question?

Mr. MCDERMOTT. Yes, thank you, Mr. Chairman. It sounds as though you have a better understanding of what the President's proposal is than I do because you sound pretty positive. One of the things about that program would be the baseline that would be locked in for 5 years. Is that correct?

Mr. WINSTEAD. As I understand it, it would be an amount of money that would—that States would have the option to take a disproportional amount of that early in the process and rather than just taking an equal amount over 5 years is my understanding.

Mr. MCDERMOTT. I was just sitting up here pondering how it is going to work, having done this for a long time. Sometimes we make decisions and haven't got any clue what Murphy's Law is going to turn out to be when it gets out on the ground. Now, I look at this chart we were given which shows us, Ohio, at \$40,000 and Tennessee at \$4,000, and I see you are somewhere around \$15,000. If they locked you in at that level for 5 years, you would be glad to stay with that?

Mr. WINSTEAD. Mr. McDermott, we would want to examine those figures very carefully of course. I think—

Mr. MCDERMOTT. I thought maybe you were ready to commit here today so we could move on.

Mr. WINSTEAD. I think in concept, I think, assuming that—

Mr. MCDERMOTT. I know in concept but how are you going to have this negotiation go on when you have got Florida down here in the middle and you have got Ohio up here? Now, what kind of negotiation—do you think that is going to go over on in the HHS Secretary's office, Mr. Leavitt's?

Mr. WINSTEAD. Congressman McDermott, when you see a ranking of Federal funds to States, a list that puts us in the middle makes us proud most days. Sometimes, we are a little bit on the low end of that.

Mr. MCDERMOTT. You don't want to be locked in for 5 years at that level.

Mr. WINSTEAD. If it is fairly reflective—and we would have to see the details of the proposal—but if it is fairly reflective of what we would expect to receive in title IV-E funds in the next 5 years and if you look back over the past 5 years, our title IV-E funds from our figures have been relatively stable, and I think that there

may be variation in other States, but if we have been stable in the past 5 years and we can project out and we see numbers that look like they treat the State of Florida fairly, that would be reflective of what we would likely receive in the next 5 years, and we have access to contingency funds, so that if there is an unexpected shift, that we would have some place to go with that, then I think we would be very interested in that. That would be good for our State.

Mr. MCDERMOTT. If I can summarize what you said, you really said what you would like to see is the legislative language. You could see exactly how it is going to work for the State of Florida. Is that correct?

Mr. WINSTEAD. I don't know whether it is the legislative language. I would like to see the spreadsheets. I think, in concept, what I have seen sounds like it would be something we would be very interested in and certainly very supportive of having that option.

Mr. MCDERMOTT. That reminds me of the story about how Krushchev and Eisenhower were talking about this, and they said they could solve the international problems of nuclear weapons except for the details. It was the details that got them every time, and I think that is maybe what we are talking about here.

Mr. WINSTEAD. Well, we would look forward to having the ability to work on those details with the Federal Government because where we are right now is, we know the details today are burdensome and complex.

Mr. MCDERMOTT. Thank you, Mr. Chairman.

Chairman HERGER. You are welcome. It is these details that we want to work on. Just the fact that we have States that are receiving \$4,000 and another State receiving \$40,000, and yet there is no noticeable difference in the results of these foster care children tells us that we have a problem of the greatest magnitude. As was pointed out by Ms. Hahn, this is only part of the money they are receiving. They are receiving far more money than \$4,000 and \$40,000. We have a major problem. The gentlelady from Connecticut to inquire.

Mrs. JOHNSON. I thank the Chairman. A couple of things. First of all, I am glad the Administration doesn't have legislative language on the table. Don't you understand the power that gives us, the opportunity that gives us? They have given us a detailed proposal. One of the things that you say over and over again is you want a State-by-State decision about base. I think that is wise. We have had a lot of trouble in the past with blanket cut-off years and so on, so what I would be interested in, Mr. Winstead, in what considerations—in other words, we couldn't just say pick the highest cost, the highest spending year and decide we will go with it. What should be the parameters? What are some of the guidelines you would suggest that we should put around those negotiations between the States? You can think about this and get back to us, because I think that is important to recognize that the base is going to be important.

Mr. WINSTEAD. Yes, and I would be happy to give you more detail. I think three concepts that I tried to mention in my testimony: one is, I think it would make sense to look at the trend State by State and see what is happening in the trend in terms of dollars

and in terms of children. I think it would be important to look at the demographics and in terms of how that is going. We are a growth State, and that is certainly something that is also important to us. I think the other thing is the contingencies, having access, so that if there is an unanticipated event, that there is an appropriate contingency fund available for that. I think those would be three areas of particular concern, and we would be very happy to get into the fine details on those.

Mrs. JOHNSON. Good. Thank you. Ms. Hahn, I hope in your study with Harvard, that you will include in your study the Independent Living Program because the post-traumatic stress issue is very different for those kids who have had, in a sense, a pre-adult experience together and then moved from that 16, 17-year-old group that are able to stay in that with support and go to college. Whether they go to college or not, they are able to stay in a program beyond 18; that is important.

Ms. HAHN. We totally concur with you, Congresswoman Johnson. We think it is utterly critical that we look at that.

Mrs. JOHNSON. Just briefly, Mr. Wulczyn, would you either in writing, because you are not going to have much time left here, but we need to know more about the New York experience. How did you share the risk? What were the terms, because it is striking what New York was able to accomplish? I thought your whole testimony was going to be dedicated to that. It was dedicated to what was really pretty arcane about linking, but I appreciate how important that is. Let me give you a couple of minutes, whatever time I have left, on the Chicago experience. Then if you will get back to us in writing, how you think we could deal with this risk issue because that is really what everybody is concerned about. What is the contingency? How are we going to define that, and what is going to happen if you hit that?

Dr. WULCZYN. Sure. Let me say that, on the question of base lines, the one thing that I would have to add, particularly given the testimony regarding the relationship between outcomes and funding, is that if our baseline only looks at funding, where are the outcomes in that situation? We need to have a baseline understanding of, how long do children stay in foster care? What is the likelihood that they will enter? What is the likelihood that they will move around while they are in foster care? What is the likelihood they will be adopted? That has to be in that baseline assessment, and then we need to look at that in relationship to the money. Not the other way around.

We have already heard that there is no relationship, so let's start with the outcomes and then see how the funding relates to that. I think that that is absolutely critical. Otherwise, you are going to be left 10 years from now with a system that has a block grant or whatever you want to call the nature of the appropriation, but without that explicit design on day one connecting it to outcomes, you run the risk of failing to establish that connection because a block grant by itself is not a link to outcomes. It is a promise of a link to outcomes. It is not a guarantee.

On the question of linking risk for costs for providing safety services for children, I think there are a number of proposals that would be suited to resolving the differences between the open-

ended entitlement and the block grant, the hard company cap. I think one way to accomplish an analysis of that would be to look at the Pew Commission findings on their resolution of this basic tension, which is something that I know they worked very hard on. I think that there is a model there. Whether there is something in there that appeals to the various constituencies in this Committee, I think is something that requires some analysis of the details. As we have heard, that is where the action is.

Let's take a look at those details and see how they differ one from the other. I think that there would be a variety of ways to modify the Pew Commission proposal that makes it look less like the old entitlement system but that requires analysis. I think the middle ground here is findable if people take the time to do that.

Chairman HERGER. The gentlelady's time has expired. Gentleman from Colorado, Mr. Beauprez to inquire.

Mr. BEAUPREZ. Thank you, Mr. Chairman. Really, a comment and not even a question. We hear the word "details" a lot here lately, and I think we are exactly right. It feels like the details are wagging the dog a little too much. I look at this chart again. I can't take my eyes off figure two in the report. When we have got States that are spending, many States spending \$10,000, some States spending over \$20,000 per case just on administration, frankly, it is obscene. I think about another partner, who I guess we are supposed to represent in all this, and that is the American taxpayer. We have got an obligation, I think, to at least spend the money wisely if we can.

I remember one of the—another study that was dropped on my desk a couple of years ago that indicated, thanks to the efforts of those of us back here in Washington, that in, of all places, emergency rooms, we burden doctors and nurses with 1 hour of paper work for every hour of patient care.

Mr. Winstead, you talked about your caseworkers. At least we ought to be focused on letting caseworkers be caseworkers not pencil pushers. It seems to me that, in the name of good care and good outcomes, we ought to at least focus there on how we can be a whole lot more efficient. We talked about the arcane rules that are still driving much of what we burden you folks with and your staffs. That just seems to me to be bordering on insanity. Maybe they ought to do a study on that mental disorder, too.

Mr. BEAUPREZ. Mr. Chairman, this has been a far more interesting hearing than, frankly, I was prepared for. I found it very fascinating and very productive. I applaud you for bringing it to us, and I applaud the members of the panel for their testimony. Thank you very much.

Chairman HERGER. Well, I thank you. Interesting, but yet very, very tragic what we are dealing with. The gentlelady from Pennsylvania, Ms. Hart, to inquire.

Ms. HART. Thank you, Mr. Chairman. I have—he is hard to follow. One of the things that was sort of touched on in a roundabout way is, everybody's interested in outcomes, but I think the difficulty that we have had is actually linking, the government's behavior, whether it is funding or particular programs, with outcomes. I know different States have had positive experiences.

I guess I want to ask Dr. Wuczyn—is that the way you say it? In the studies that you have done, is there something that is really obvious that is working well as far as connection of both funding and outcome, but also certain changes that some of the States have made or some of these programs have made with really good outcomes?

Dr. WULCZYN. Well, I don't know that it—

Ms. HART. Sticks in your mind as a positive.

Dr. WULCZYN. I don't know that it qualifies as obvious because I want to be clear there is no silver bullet here that is going to solve all the problems.

Ms. HART. That is what I was asking you for, though.

Dr. WULCZYN. It is not an inoculation. I think there are, in a place like New York City, where the caseload has gone from nearly 50,000 to under 20,000 in a span of 8 years time, I think we can draw some lessons from that situation. There are other places like Illinois that have seen similar declines in the caseload. I think there is reason for hope. The Committee tends to be drawn to the issue when there is tragedy, but I think it is important to remember that there are situations where a lot of progress has been made.

It is a question of investment, investment in infrastructure, training, computers, filing cabinets, caseworker salaries, all those things are vitally important to running a modern child welfare system that cares about outcomes for kids. I think they do a lot of that in New York City. Commissioner Scoppetta, if he were here, Commissioner Bell, Commissioner Mattingly would say unequivocally that those things are very important. If you want better outcomes for kids, you need to invest in them directly and indirectly, and that speaks to the issue of administrative costs. Those are administrative costs. You want better services. You have to have investments in those things. Whether or not the disparities that we have seen justify that, that I can't say, I am not a commissioner, but those are the sorts of things.

I think we run into somewhat more difficult territory when we talk about evidence-based practices that really work; that is to say, they have a known benefit so that, if you provide X, Y or Z service, you will diminish the demand for foster care. I think that Dr. Horn talked about nurse-to-family partnerships. There are other selective approaches to dealing with children and families where there is a risk of placement, but they are not widely used. The bench strength here, if you will, the number of programs that we don't invest nearly enough in those things, given the size of this program and the very important problems that families have.

Ms. HART. Well, I guess if you claimed there was a silver bullet, everybody in this room would probably question that anyway.

Mr. Winstead, Mr. Secretary, as far as your experience in the things that you have been able to improve in the time you have been—what would you say you have done to really make the most difference as far as this? Would you be able to even improve even more as far as your processes that flexibility that we are talking about?

Mr. WINSTEAD. I think the key improvement—and we just have completed in recent months the transition to community-

based care in Florida, which has been a multiyear transition. Certainly the process is far from over; it is a continuous process. We now have complete in every area of Florida community-based care and developing systems of care.

Florida Tax Watch, which is a taxpayer watchdog organization in Florida, recently wrote a report that I referred to in my written testimony with a link to that report some of the outcomes that they noted as more children being visited each month, fewer children re-entering foster care, more children being adopted, less foster home crowding. Another part of our strategy and something we think is very important is increasing transparency of those outcomes. That is why we put our outcomes not only for child welfare, but for all the programs we administer on the Internet by outcome, by area of the State, so that people can hold us accountable for continuing to show results.

Ms. HART. Thanks, I appreciate that. I thank all three of you panelists for coming in with your expertise and for your commitment to this issue. Thank you, Mr. Chairman.

Chairman HERGER. Thank you, Ms. Hart. I want to thank each of our witnesses that has appeared before us. This has been a very informative hearing. This is an incredibly serious issue, obviously, that we are dealing with. When we see the fact that we have children that are passing through the foster care system that are being rated with post-traumatic stress at twice the level of our soldiers returning from Iraq, that tells us something. When we see that the funding varies from less than \$5,000 to \$40,000-plus going into these children, but yet no noticeable change in the outcome, that indicates we have an issue that it behooves all of us to work together to change for the better just as soon as we possibly can. I thank you. With that, this hearing stands adjourned.

[Whereupon, at 12:13 p.m., the hearing was adjourned.]

[Submissions for the record follow:]

Statement of Barbara Bryan, Davidson, North Carolina

Taxpayers—federal, state and local—as well as contributors to tax-exempt non-profit groups are being defrauded under color of law as children are injured and innocent families are dis-membered in and because of America's foster care system.

Without the usually unquestioned spending of billions of dollars appropriated by Congress, changes would have to be made.

States routinely cannot find hundreds of children either taken or entrusted to their agents. Children suffering real abuse and neglect, and always emotional trauma, in instant pre-adoptive homes (as former foster homes have too often become), are ignored because of financial and adverse publicity consequences to agencies that removed and reallocated them.

The Third World "Rule of Suspect," one decried by more in Congress today for imprisoned foreign enemy combatants, is alive and has been hell for parents and caretakers "suspected" of often clearly non-existent abuse and neglect of children. Anonymous reporting, ruled out in the old USSR in 1984 because it is so unreliable, is the sine qua non of America's child protection reporting that consigns a child to foster care.

Paper Orphans are a tax-subsidized phenomenon of the monopoly (no other agency permitted to investigate or handle child abuse/neglect reports: see the shameful *DeShaney* decision of the USSC) designated child protection agencies who recommend "termination" of parental rights.

That is achieved with an immunizing stroke of a judge's pen and both the agency and adopting strangers are eligible for adoption bonuses (per 1997 Adoption and Safe Families Act). Most states sweeten the pot with post-adoption subsidies, now a part of nearly every out-of-agency adoption for some.

Sibling Date; Marry?

Very few children in America are genuine orphans. Most have relatives, family friends, neighbors or godparents who could, and are willing to, keep them if they must be moved temporarily or permanently from parental homes.

Taxpayers are defrauded and children are at risk for what already has happened—brothers and sisters, not knowing they were redistributed by foster care, dating each other or marrying—because too many agency directors encourage taking an expensive, heart-breaking route to purported child protection rather than allowing the child to remain somewhere in the natural family or minimally in frequent contact.

If “most of the prison population once was in the foster care system” is a true statement, the success and efficiency of the program is obvious.

The public pays for backpacks, teddy bears, memory books and more to make moving around among strangers or getting accustomed to never seeing one’s grandparents, siblings and other friends and relatives more palatable.

Foster care in America is a disaster: financially, legally, emotionally, physically and by nearly any other perspective or measure possible to consider it.

That so many influential people in Congress, media, entertainment, sports as well as other elected, appointed and employed positions of respect have themselves adopted children and may prefer not to reveal the entire story of the system has slowed exposure of long known problems.

Supremes Avoid Precedent Setting

Equally, it is clear that the U.S. Supreme Court prefers not to deal with human and civil rights issues relating the foster care and how a child is sent to it or fares in it as an “institution.” If the whole truth were told, if Constitutional law were applied to federal and state permissions to suspect, accuse, remove children, forever cut them off from natural family and to be financially rewarded for reallocating them, it would and will rival the eras of slavery, sterilizations, treatment of native Americans and more.

Currently, although known for years, two health issues that have been accepted by courts in America and still are—despite notice—are being upended in United Kingdom’s courts and professional review boards.

Specifically they are the imaginative but mythical “Munchausen Syndrome by Proxy” (MSP) for which there never has been scientific support and the concept of “Shaken Baby Syndrome” (SBS) for which there is considerable science proving that without severe accompanying neck injury shaking cannot be the cause of the “signs” of SBS when they are described.

Because foster homes have become pre-adoptive homes, and because belief about MSP allows existing and subsequent children to be removed from a presumptively homicidal lying mother, newborns are whisked from delivery rooms and into the arms of delighted people who are doubtless pleased that mute media ignores the reality of both syndromes’ discrediting.

Rare and brave federal auditors have tried for years to show the shambles of the foster care misspending and occasionally the damage to children and families. The Commonwealth of Virginia in the early 1990s, through the office of its then-Attorney General’s assistant, tried to beat a federal audit of its foster care system by covering its failure to visit homes every year. It had regulations changed to say every other year was all right. That has improved since.

The best cover up, and example of why Congress is looking (repeatedly) at the same errors that only have been refined as well as the spin given auditors who genuinely try to learn, was that HHS/OIG noticed 40 court papers had failed to check the now ASFA-trumped “reasonable efforts” block about keeping the family together.

***Nunc pro tunc*, Nice Try**

Cleverly, but in vain, the State tried to substitute 40 *nunc pro tuncs* that, of course, did have the blocks checked after all.

Most people gave up arguing “reasonable efforts” because there simply were none made. When an agency decides to take a child—and most often they are instantly put into foster care without alternatives, especially when they are attractive and marketable, the biggest influence is the attitude (preservation or termination) of the agency director. (see Ray Sirry, PhD dissertation at VCU).

Nearly always the ticket to regaining children from foster care was/is a mental health evaluation, but only if it is done by person or group either informally or by contract connected with the accusing agency. The anti-Fifth Amendment breach, agreed to in desperation by parents believing their children can be liberated faster

if they “cooperate,” turns out to be “evidence” gathering and the child/ren too seldom ever leaves foster care to return to natural family.

In 1995 I walked the halls of Congress to leave with each office four pieces of paper and the plea to NOT continue sending boatloads of money to states to be used as they had been and, in the intervening decade, become worse.

Using the analogy of gas, rags and matches, I explained that CONGRESS and its large appropriations is, in the end, the proximate cause of the problem that cannot be avoided in its tragic expression in foster (or hostage, albeit official and legal) care.

Unmonitored money, actions

Congress provides the gas. Without huge amounts of money to spend and gain, individuals who use and get it might well not warehouse children they cannot do better for than the real abuse that some of them suffered (but still did not need to become a Paper Orphan).

States provide the rags. State agencies accept the giant appropriations and often do a pass-through, creating “revenue enhancement” by upping the value of the dollars in creative ways that consultants figure how to gain. That includes how children are “labeled” as special needs, at risk and the like, sometimes just because they have not yet been adopted at various descending age limits.

Agencies strike the matches. It is at the local level that the usually unmonitored expenditures occur. Federal auditors, and judges also, read the “documentation” in the agency record or court case file of an accused. I would have removed my own children if what was once written about me in 1983–84 had been true.

Foster care is an unsupervised, largely completely unneeded and expensive money sink and family-fracturing cottage industry that never should be used at all unless there truly are orphans in America without relatives and friends who can take them in. Grandparents and others should, in appropriate situations, not be deprived of the benefits and services (when they are both or either) available to children but only to be given to cooperative strangers.

Every admiration a reasonable citizen has for his/her own home—mixed up and messy as is every one sometimes and in some too often—has been turned on its head by the ease with which parents may be “suspected” and children taken and put into foster care.

Legal Extortion?

Oh, and the legal extortion of instant child support orders: that has a lasting impact on IRS collections and HHS outflow. Parents mortgaging their homes to liberate children from foster care, people unable (and unwilling) to pay “child support” for children who could stay with relatives without cost and not dun the taxpayer, find liens against their earnings IF they can keep a job after their employers are called and businesses visited by investigators on the report.

Countless Americans, former taxpayers, even if the agency has its own attorneys overturn its actions against innocent parents, cannot get or keep employment. That is because their pre-employment credit checks show there is a problem so they are not hired. If they do work, their usually low wages are garnished, all to pay a debt they had no control in creating and should never have been made: one to foster care that injured the child and family.

A benefit of these hearings could and should be a federal law requiring states whose errors are proved, early or late, to make whole the injured citizen, especially one under the eternal mark of a child support lien that was needless *ab initio*.

States should be required to expunge and remove (after ensuring the injured parties have true and correct copies) all “documentation” used to break up the family that remains in courthouses. Currently there is no mechanism to make that paper vanish even if the agencies have purged their records.

Because I personally know and/or have closely communicated with countless hundreds of families whose children were taken into foster care, I know things that I also know have been communicated to every possibly interested person for decades. Too frequently the most often suggested and tried “solution” is to bring law suits to “reform foster care.”

Wrong answer.

Purse & Sword of State

We can re-form Frankenstein but we still have a monster. Children do not deserve to be punished for suspicions—even correct ones—against their parents or care-takers. I deal with false mistaken, mischievous or malicious allegations, too many arising from professionals hoping to distract an anticipated adverse professional report or malpractice action, hence “Shawna’s Bill” (ask for it).

Parents cannot overcome the power of the purse and sword that Congress ensures states have to defend against extraconstitutional but “legal” actions of their empowered but unmonitored agents. Top law enforcers in each state—the Office of Attorney General—also is the lawyer for the offending agencies. Guess whose interests are first and best served?

Taxpayers should not be subsidizing all: everything that happens before, during and consequences of foster care as well as local and larger payoffs for suits that finally succeed against those needless and injurious actions that led to foster care and what happens when a child’s natural protectors are prevented from being there for him/her.

Only by tell the whole truth, now and not another decade or two later when the worst offenders, originators and continuing proponents are retired or deceased, will Congress have the heart and stomach to stop funding family-fracturing, child-traumatizing foster care (ever more obvious pre-adoptive pipeline, as it became after ASFA and continuing Congressional appropriations made money more available).

If the right, reasonable, compassionate and Constitutional route is chosen, the current foster care system that fuels America’s holocaust of the home will go into the history books and stop dis-membering American families.

Statement of Alexandra Yoffie, Child Welfare League of America

The Child Welfare League of America (CWLA) and our nearly 900 public and private nonprofit child-serving member agencies nationwide applauds the House Ways and Means Human Resources Subcommittee for addressing the issue of federal funding for child welfare at this hearing. We believe that as a country we must confirm our commitment to prevent child abuse and neglect and support those children whose lives have been affected by abuse and neglect. We support strengthened partnerships between federal, state, and local governments and providers in the nonprofit and charitable communities in order to do a better job of protecting our nation’s most vulnerable children.

A Comprehensive System of Care

We urge this Subcommittee to examine the entire child welfare system in its review of federal financing. In addition to foster care, the child welfare system also includes child abuse and neglect prevention, treatment, out-of-home care, adoption, and services provided to children and families when a child returns from foster care or becomes part of a family through adoption. It is critical that any evaluation and reform of the child welfare system not be narrowly focused on just one funding stream, such as Title IV–E funding that is used to subsidize the foster care system.

Nearly three million children are reported as abused and/or neglected annually and nearly 900,000 children are substantiated as victims of abuse and neglect. We do not know if these reports actually capture all of the children whose lives may be affected by abuse and neglect. We do know that of the children reported as neglected or abused, many will receive some form of preventive services. However, we also know that 40% of children substantiated as victims of abuse or neglect never receive any services. Approximately 20% of children reported as abused and neglected are placed in foster care as a result of an investigation or assessment.

Federal Funding Sources that Support Child Welfare

CWLA urges the Subcommittee to expand its review of federal funding for child welfare to encompass the entire system of federal supports. The funding made available through Title IV–E Foster Care and Adoption Assistance is absolutely critical and should be maintained as an uncapped, open-ended entitlement program. However, an exclusive focus on Title IV–E Foster Care and Adoption Assistance funding, which provides 49% of all federal funding for child welfare services, is too narrow and captures only a portion of the patchwork of federal supports that states and communities use for child welfare.

Title IV–E Foster Care and Adoption Assistance

A new report issued by the U.S. Department of Health and Human Services Office of the Assistant Secretary for Planning and Evaluation (ASPE) on June 9, *Federal Foster Care Financing*, points out a number of key weaknesses with the current Title IV–E funding structure and concludes that allowing states to receive a capped amount of funding, or block grant of Title IV–E funding will lead to “a stronger and more responsive child welfare system that achieves better results for vulnerable children and families.”

CWLA has long called for comprehensive reform of the federal/state partnership that supports abused and neglected children and their families. The status quo is not working. CWLA has highlighted the weaknesses in the current Title IV–E federal funding structure numerous times in testimony presented to this Subcommittee. We agree with the observations contained in the HHS report about these weaknesses, however, we disagree with the recommendation that the best way to ensure better outcomes for children is to cap federal funding for Title IV–E.

In testimony previously presented to this Subcommittee, CWLA has pointed out many of the same observations contained in the HHS report about the limitations of Title IV–E funding. Observations contained in our previous testimony have included:

- The current Title IV–E financial eligibility criteria connected to the old AFDC program has resulted in a diminishing of children eligible over time. This link needs to be eliminated or adjusted.
- The administrative paperwork for claiming under Title IV–E is complex, burdensome, and costly to states.
- The current system is inadequately linked to both need and outcomes.
- Current Title IV–E funding is highly variable across states.
- Funding is limited to payments for out-of-home care and cannot be used for child abuse prevention, treatment, and aftercare.
- The current Title IV–E funding structure is inflexible.

The ASPE report proposes that an analysis of Title IV–E will explain to policymakers all they need to know about child welfare financing. However, an examination of only Title IV–E foster care funding cannot tell members of this Subcommittee very much at all about a state’s child welfare system.

The ASPE report uses two facts to emphasize the problems with the Title IV–E funding structure. The report finds that a broad range of per child spending currently exists. However, this report does not accurately portray the federal child welfare investment being made or the children who receive them. The report looks at only Title IV–E foster care funding and children receiving Title IV–E payments. The report calculates that Title IV–E maintenance claims, “averaged across three years . . . [state spending] ranged from \$4,155 to \$41,456.” The report also indicates that, “the range in maintenance claims was \$2,829 to \$22,418 per Title IV–E child, with a median of \$6,546.” These findings are not an accurate portrayal of state’s spending on child welfare. For instance, the HHS report cites Ohio’s per child Title IV–E spending to be at the high end of \$41,456 and Tennessee’s spending to be at the low end of \$4,155 per child. While this Title IV–E per child spending may be accurate, it fails to take into consideration that 88% of Ohio’s federal child welfare funding comes from Title IV–E (including adoption assistance) while Title IV–E accounts for only 20% of Tennessee’s spending on child welfare.

The report also does not acknowledge that over one-half of all federal child welfare funding comes from funding streams other than Title IV–E. The report also fails to acknowledge that Title IV–E administrative and training funds provide supports to children in adoptive families, as well as foster families.

The report also finds that there is not a link between higher spending and improved performance on the gross measures used by the Child and Family Service Reviews. We agree with HHS’s acknowledgement in the report that, “simply counting the areas of compliance present a very general, simplified, and broad brush approach to evaluating child welfare system quality.” A link between the level of Title IV–E foster care funds and the results of a state’s Child and Family Service Reviews do not tell a complete or accurate story. An additional caution is that an analysis of outcomes and Title IV–E expenditures cannot be tied solely to maintenance payments. Reimbursement for a child’s food, clothing, shelter, school supplies, and watchful supervision never purports to be about outcomes, only about meeting the child’s physical needs. Although providing the funds for two or three meals a day and a new pair of tennis shoes is important, it will not move children toward permanency.

Again, we emphasize the point that examining Title IV–E in isolation, or merely restructuring it, is an inadequate response to the comprehensive reform needed. True reform of this nation’s federal financial support of children in the child welfare system must not be limited to maintenance payments to support children in foster care or other residential facilities. Reform must include a continued and expanded commitment for Title IV–E administrative and training funding, which provides funding towards a strong and well-trained workforce. Comprehensive reform must also include a review of the other major funding streams that support children and families in the child welfare system. These supports include Title IV–B prevention funds, CAPTA, Medicaid, TANF, and the Social Services Block Grant.

Foster Care Caseloads are Affected by a Number of Factors

A review of federal financing must also include a review of all of the factors that impact foster care caseloads, including those factors outside the control of the child welfare system. While there were 523,000 children in foster care at the end of fiscal year 2003, each year over 800,000 children will spend some time in foster care. In 2003, 278,000 children left foster care while 296,000 children entered foster care.

Factors within the child welfare system that affect foster care caseloads include the lack of preventive and supportive services for families and children and an inadequately staffed, and in some instances poorly trained, child welfare workforce. Many factors outside the control of the child welfare system impact the number of children placed into foster care. These include poverty, the economy, and epidemics—such as the explosion of HIV–AIDS in the 1980s (a topic recently examined by this Subcommittee) and the crack-cocaine epidemic in our urban centers in the late 1980s.

The current use and manufacture of methamphetamines in many rural areas is the most compelling factor to suggest that foster care caseloads may increase. According to a June 2003 report from the U.S. Department of Justice, there were 2,023 reported cases of children residing in seized meth labs in the United States in 2002. This represents an increase from 216 cases reported in 2000. National data also suggests that in at least 70% of all methamphetamine arrests, there is a child living in the home.

Other factors that influence foster care caseloads include the impact of state and local policy, political leadership, how well courts coordinate with child welfare systems, and court oversight through consent decrees and other oversight efforts.

Reducing Foster Care Caseloads

CWLA agrees with the goals of the Adoption and Safe Families Act (ASFA)—to ensure that children are placed into, or remain in foster care only if absolutely necessary for their safety. New investments in prevention are needed to reach this goal. CWLA fully supports a comprehensive child welfare system that is able to take measures to ensure that child abuse and neglect is prevented and that families have the supports they need to care for their children so fewer children need foster care.

No evidence exists that demonstrates that capping federal support for foster care will result in fewer children needing foster care. A Title IV–E entitlement does not lead to more children being removed from their homes and placed into foster care simply because open-ended federal funding is provided for foster care.

In fact, evidence contradicts suggestions that Title IV–E foster care funding drives state systems to remove children in order to draw-down federal funds. CWLA examined state foster care caseloads from 1999 through 2002, and found that 28 states showed patterns that counter these suggestions. These 28 states followed one of two patterns: either they experienced a decline in their foster care caseloads and their Title IV–E claims *decreased faster* than their non-Title IV–E funded placements; or their overall caseloads increased and their Title IV–E claims *increased slower* than their non-Title IV–E funded placements. Of the remaining 23 states, one state showed inconclusive evidence and the remaining 22 states results were mixed.

If Title IV–E drove states to remove children and place them in foster care, then the patterns in these 28 states would have been different. When a state's foster care caseload increased, Title IV–E funded placements would have *increased faster* than the non-Title IV–E funded placements. Additionally, when a state's foster care caseload decreased, Title IV–E funded placements would have *decreased slower* than the non-Title IV–E funded placements.

Foster care placements have declined from 1999 through 2002, from 565,253 in 1999 to 532,739 in 2002. Caseloads have varied widely, with 24 states experiencing some increases and another 27 experiencing some decreases. Overall, while placements declined between 1999 and 2002, the non-Title IV–E subsidized placements have actually increased. The number of children placed in foster care without federal assistance has increased. Between 1999 and 2002 Title IV–E placements *declined* from 302,422 to 254,004, while non-Title IV–E funded placements *increased* from 262,831 in 1999 to 278,735 in 2002. The number of children placed in foster care who were eligible for federal funding actually decreased.

Furthermore, if Title IV–E drove states to remove children and place them in foster care, states would not be using other flexible funds, such as state or local dollars and other federal funds like the Social Services Block Grant (SSBG) and Temporary Assistance for Needy Families (TANF), for foster care placements except when absolutely necessary. For example, Texas experienced a substantial increase of 30.7% in overall foster care caseloads in the last five years and a recent Urban Institute survey of state child welfare financing found that Texas uses more TANF funds than any other state as a percentage of its overall child welfare financing. Forty-seven

percent of federal funding for out-of-home care in Texas comes from the TANF block grant—not Title IV–E. Title IV–E provided 39% of the state’s out-of-home placement funding.

CWLA’s Call for Reform

CWLA believes that the way to ensure the goals articulated in ASFA is to ensure that states and communities have the resources necessary to prevent foster care placements from ever occurring. CWLA urges this Subcommittee to reject the Administration’s proposed Child Welfare Program Option and instead take action on what is truly needed to build a comprehensive system of care so that children are protected.

If Congress feels constrained this year, then incremental steps can be implemented to improve the lives of children.

- Fully fund Title IV–B (Subparts 1 and 2) and make funding mandatory. Furthermore, an increase should be considered so that services can be provided to the 40% of children who are now reported as not receiving services, even though abuse or neglect has been substantiated. As part of an effort to improve accountability, an annual report on Title IV–B spending should be required. This detailed information will provide data on how many children and adults are assisted with these funds. Increased funding for Title IV–B (Subparts 1 and 2) must be part of any comprehensive plan to ensure that federal funds are available to prevent child abuse and neglect.
- Eliminate the financial eligibility criteria for Title IV–E Foster Care and Adoption assistance. Current outdated income eligibility criteria represent a carry-over from when federal foster care funding was part of Aid to Families with Dependent Children (AFDC).

CWLA appreciates, however, that incremental change may be necessary in addressing this concern; therefore, CWLA recommends, as an interim step, that the Title IV–E Foster Care eligibility link with AFDC be replaced with a link to another federal program, such as Medicaid.

- Maintain the federal commitment to provide guaranteed support for training child welfare workers through the Title IV–E training program. Access to these federal training funds should be expanded to support the training of private agency staff, related child-serving agency workers, and court staff working with any children in the child welfare system. The decisions made everyday by workers affect the lives and well being of children in the child welfare system. A well trained and adequate workforce will ensure better outcomes for these children.
- Maintain Title IV–E administrative funding as a separate source of funding.

While many envision “administrative” funds as paying for the cost of office space and utilities, it is in fact much more than that. Title IV–E administrative funds are used to pay for the hours of court time spent by caseworkers preparing for and attending court hearings related to children in foster care. It includes the time workers spend meeting with the families and children to discuss what needs to be done in order to achieve permanency for the children or time spent helping foster parents cope with the needs of the children. Administrative costs pay for workers time spent accessing services for children that are not provided by the child welfare system such as education and mental health. Administrative costs are used to pay for the travel expenses workers may incur as a result of working with a specific child. Recruiting foster and adoptive families for specific children are also paid for with administrative funds.

States reported to the U.S. Department of Health and Human Services that nearly half of Title IV–E Administrative funds were spent for case management and nearly 20% was used for pre-placement services. Less than 5% of the funds were reported as being used for eligibility determinations.

To better understand and improve accountability, annual reporting requirements should be strengthened to ensure that states’ use of these funds are more clearly reported to better describe expenditures that are administrative expenses and those that are case planning and management, pre-placement services, and other important activities.

- Extend Title IV–E funding to kinship/guardianship placements for children in state custody. Grants should also be provided to states to facilitate the development of kinship navigator programs. States should be allowed to have separate training standards for kinship placements while safety and background requirements are met.
- Make Medicaid targeted case management (TCM) and rehabilitative services available for children in the child welfare system. The federal matching rate for

TCM and rehabilitative services should not be reduced. State child welfare systems should have a lead role in how Medicaid services are provided to children in the child welfare system to ensure that therapeutic and rehabilitative services are available to these children.

- Provide new federal targeted funds to states and private child welfare agencies to seed or start initiatives that expand and strengthen the child welfare workforce. Federal loan forgiveness should also be made available to students who become child welfare workers.
- Provide Native American tribes with direct access to Title IV–E Foster Care and Adoption Assistance and greater access to Title IV–B funding. The Senate version of a TANF reauthorization includes a provision that would expand Title IV–E access in this way. We urge Congress to include this provision in the final TANF bill.
- Restore funding to the Social Services Block Grant (SSBG, Title XX of the Social Security Act). In 2002, SSBG represented 12% of all federal funding for child welfare services.

CWLA Concerns About the Proposed Child Welfare Program Option or Block Grant

The ASPE report on federal foster care funding concludes with a recommendation in support of the President's proposed Child Welfare Program Option or block grant. CWLA presented this Subcommittee with our concerns about this proposal in testimony submitted on 6/11/03. (Available online at <http://www.cwla.org/advocacy/financingtestimony030611.htm>) We believe that that the Administration's proposal does not offer the depth of reform or the guarantee of sufficient federal financing necessary nationwide to improve the child welfare system and ensure that all children are protected. The proposal appears to freeze federal resources at a time when there is a great need for significant new investments and reform in our national child welfare system.

CWLA's Concerns about the Administration's Proposal:

- The proposal breaks the link between federal entitlement funding based on the number of eligible children and transforms it into a fixed amount of funds no longer driven by need.
- The proposal does not address the complex array of federal funding sources for child welfare. Title IV–E Foster Care, the subject of the Administration's proposal, comprises only 38% of all federal child welfare spending.
- The Administration's foster care proposal is cost neutral, setting a five-year cap on spending. The proposal does not recognize the need for any new resources to build a system of care to better protect children and address pressing issues, including supports for the child welfare workforce and substance abuse treatment for families that come to the attention of the child welfare system.
- A state choosing the Administration's foster care option would receive a fixed allocation/block grant based on the current Title IV–E eligibility criteria that link eligibility to 1996 AFDC standards. This means that the allocation/block grant would be based on a declining number of children becoming eligible over the next five years.
- The proposal would not ensure that funds would be used for prevention services. Current Title IV–E funding does not cover all children in out-of-home care and few, if any states, adequately fund their child welfare systems so as to provide the safety and permanence contemplated by current law. States may have to use the fixed allocation/block grant funds to cover non-Title IV–E eligible children. There is no guarantee that any funds would be used for prevention services. Federal Title IV–E funding currently supports less than 50% of the children in out-of-home care.
- The proposed state maintenance-of-effort is based only on state funds currently used to draw Title IV–E federal funds. Since the financing of child welfare services (adoption, foster care, child protection, and other services) involves a variety of federal, state, and local funds, it appears that states would be able to reduce state spending by billions of dollars and still meet the federal spending requirement necessary to draw down the fixed allocation/block grant.
- Questions remain about the formula being developed to determine each individual state's share of the fixed amount of funding. Will all states that take the fixed allocation/block grant option and project they will have increased costs over the next five years be eligible to receive increased funds? Will the formula be based on historical claim or actual reimbursements? Since the overall total federal allotment is fixed, would some states get less if other states negotiated

an increase since certain formulas that benefit one state could result in less funding for another state?

- In order to access needed additional funds if states experience a dramatic increase in child welfare caseloads (or an increasingly complex caseload with greater needs), the proposal suggests that states could access the TANF emergency fund. The trigger that would allow a state to draw these TANF funds would be based on national *and* the individual state increases in foster care. These criteria would not necessarily reflect what is happening in a county or city where the bulk of the foster care population might be found. Furthermore, these emergency relief funds would divert funds from TANF. If the same event (a recession for example) caused both cash assistance and foster care caseloads increase, a state may have to choose whether they wanted to fund increases in TANF or foster care.
- The proposal would combine Title IV-E training funds into the fixed allocation. States would have to choose what, if any, portion of the allocation could be dedicated to training and staff development.
- While an optional block grant will allow for a reduction in some administrative burden and cost, this benefit should not be over-estimated. Caseworkers will still be required to establish that reasonable efforts were made in keeping a family together. States will still be subject to financial audits. Caseworkers will still be required to track and input data, especially in light of any new or additional outcome measures that will have to be driven by data collection, input, and time. We should not ignore the reality that casework is labor intensive and complex. According to the ASPE report, the areas where states were found to be in substantial non-compliance with Title IV-E regulations include problems related to reasonable efforts to make and finalize permanency plans; problems with the licensing of foster homes; problems with background checks; and problems related to eligibility rules tied to the 1996 AFDC standards. Of these areas of non-compliance, only AFDC eligibility would no longer be a problem if the block grant option were taken.

Conclusion

CWLA believes that important and necessary reforms must be enacted to ensure a consistent level of safety and care for all of America's children. We look forward to working with this Subcommittee to develop and move forward with proposals that meets all the needs of America's most vulnerable children and families and ensures that every child is protected.

Statement of Miriam Aroni Krinsky, Children's Law Center of Los Angeles, Monterey Park, California

The Honorable Bill Gray, former Majority Whip and Vice Chairman of the Pew Commission on Children in Foster Care, aptly observed, "Children need the grounding of a permanent home. You don't get that in foster care. You get it in a family." As a nation, however, we fail to put our money behind such sound policies.

Because Title IV-E, the largest source of federal child abuse prevention and treatment funds, can only be accessed once a child is removed from his or her biological family and brought into the foster care system, the child welfare system is left with little or no resources to provide in-home or other preventive services that could keep more families intact. Nor is there fiscal encouragement for practices that enable children to be reunified with their birth families or live permanently with other relatives.

Family maintenance and family reunification efforts are overlooked in the crafting of our budgetary priorities. The current risk-averse position of removing children from their homes provides a short-term solution, but may well engender long-term problems for the very children we are trying to protect and better. Moreover, we laud the valuable family resource represented by relatives who, although they may be reluctant to usurp the parental role, nonetheless are willing to assume legal guardianship and give children safe and lasting homes. However, we fall short of providing financial or other critical support for relative caregivers.

Regulations, driven by fiscal policy, confront social workers with an impossible dilemma. They are forced to either wait until a situation becomes serious enough to warrant removal, then place children in foster care at great expense both to the child and the community, or do nothing and risk a resulting tragedy.

Once a child is removed from his or her family, life in foster care can be a turbulent experience, characterized by movement from placement to placement, disrupt-

tion of schooling, and the severing of ties with all that is familiar to the child, often including siblings and extended family. Children in foster care possess a resilience and indomitable spirit that serve them well, despite the worst that life has thrown their way, but they also pay a heavy emotional toll, often feeling that they are not good enough for their own family or any other family to want them. Their self-image declines, and prospects for building supportive relationships in the future pale.

It thus is not surprising that foster youth, too often living in chaotic circumstances, find it difficult to keep up—75% of children in foster care are working below grade level in school, almost half do not complete high school, and as few as 15% attend college.

Nor is it surprising that these troubled youth become troubled adults. Within two to four years after young people emancipate from foster care, 51% are unemployed, 40% are on public assistance, 25% become homeless, and one in five are incarcerated. Moreover, approximately one in three return to live with their biological families after “aging out” of foster care, even though too often none of the family’s underlying problems has been addressed.

With each abandonment and each severed relationship, the child finds it more difficult to trust again, to move beyond his or her victimization, and to develop healthy relationships in the future—whether it be with a caregiver, family member, or his or her own child someday. One former foster youth observed, “Coming out of foster care, I didn’t know how to have relationships with people. I always found a way to burn those bridges.”

Another youth wrote the following in response to the 2005 Los Angeles Foster Care Awareness Campaign theme, *Where Have I Come From . . . Where Am I Going?* “As I look back, my life has been rough for the past 17 years. My mom left me and my sister crying in a bucket of tears. It was hard for me, but my sister told me to stay strong. One of these days we are going to find our own home. I told her when that day comes everything will be all right. But for right now, I am going to finish going to school during the day and write my poems during the night.”

Searching for solutions and new approaches is no easy task. The Children’s Law Center of Los Angeles (“CLC”) is the largest representative of foster youth in California, if not the nation. CLC is committed to help devise and promote new practices in foster care on a local, state, and national level.

There are a variety of areas where we believe that new approaches to our nation’s longstanding and less than successful way of doing business could enhance our ability to address the needs of abused and neglected youth in foster care. And in light of every state’s failure to achieve the standards set forth in the recent federal child welfare system reviews, to date, the time is ripe for change.

First, consideration should be given to reform of the “front door” of the system and the need for more flexible funding mechanisms. Current restrictions on federal funding streams favor entry of children into foster care rather than the development of supportive prevention and diversion programs. In particular, Title IV-E—the largest share of our federal child welfare financing system—fails to devote adequate resources to programs and services aimed at maintaining children at risk, when appropriate, in the home.

Indeed, there is a *disincentive* to serve children within their home under existing federal funding eligibility requirements that tie monetary allocations to the placement of children in out of home care and the length of time a child spends in care. A social worker has relatively few programs or child welfare services, either long term or on an emergency basis, to provide immediate stabilization and maintenance of a child at risk within his or her family of origin. In many instances it would be in the child’s best interest to keep the family intact, with supportive services directed toward that end.

Under the current funding structure, however, the lack of resources available to children who would be best served within their existing family results in early warning signs being effectively ignored. At the time of a family’s initial contact with child welfare, the risk may not be serious enough to warrant the drastic step of removing the child from his or her family home. The lack of funding for cost-effective in-home services or ongoing visitations by the social worker, coupled with long wait lists at community based agencies, ultimately places the child and family at greater risk for future abuse.

Unless they apply for a waiver of these regulations, states are barred from spending federal money to provide a full range of services that might stabilize fragile families at risk, protect children in their own homes, and divert them from the foster care system. Tellingly, states that have received waivers and thereby are released from federal-funding constraints point to positive results. Innovative programs that provide a continuum of services from prevention to treatment, to support for chil-

dren once they leave the foster care system have been shown to have significant success.

Second, current federal financing laws effectively close off guardianships for many relatives by making federal financial assistance available only to relatives who either remain within the foster care system or choose to adopt. In addition, relative foster parents lose financial assistance if they become legal guardians. This makes it impossible for families who cannot afford to carry the financial burden of care on their own to pursue legal guardianship.

The number of children in long-term care declined by one third in states where Title IV-E waivers opened the door to use of federal dollars to support permanent legal guardianship by relatives, according to a national study, *Family Ties: Supporting Permanence for Children in Safe and Stable Foster Care with Relatives and Other Caregivers*. Mark Testa, Fostering Results Co-Director and author of the brief, observed: "Our research shows that foster children are safer and more secure when placed with relatives than in foster homes unknown to them."

California's experience points to the promise of this model. The state established the Kinship Guardianship Assistance Payment program, Kin-GAP, an option that allows relatives to receive a financial subsidy for the children in their care. The program has contributed to the reductions in the number of children in long-term kinship foster care in the state by 42.8 percent during its first two years.

This program enables families to receive needed support, without having unnecessary government intrusion including social worker visits and court appearances required by law when a child is in foster care. As a result, children placed with relatives have the advantage of maintaining cultural and familial connections and establishing a more normal family life.

"Kin-GAP has been good for our family," a California grandfather of four said. She explained that, prior to her exit from foster care through the Kin-GAP program, "I used to take a day off work several times a year, so I could go to court with my grandchildren. A social worker came out to our house every month. The children were embarrassed, maybe a little ashamed, to be in foster care, and I was frightened that a judge who didn't know us was making decisions about them."

As a result of Kin-GAP, California's child welfare and court systems have benefited from decreased supervised caseloads and administrative cost savings. However, the program is funded through the state's Temporary Assistance for Needy Families program, thereby potentially limiting its future stability and coverage. Moreover, even with Kin-GAP, relatives continue to struggle based on woefully inadequate support and assistance.

In sum, federal child welfare funding can and should be restructured in a manner that would enable local jurisdictions to fully fund child welfare services, whenever and wherever those services are needed. As recommended in the report of the Pew Commission on Children in Foster Care, *FOSTERING THE FUTURE: Safety, Permanence and Well-Being for Children in Foster Care*, new approaches should be developed to release the current federal funding straitjacket and allow for use of the largest source of federal child welfare funds in a manner that better attends to the needs of children and families, without jeopardizing child safety.

A more flexible federal funding stream would allow for the creation of effective and comprehensive methods of diverting families from the foster care system, while also stimulating greater innovation aimed at supporting families. By allowing child welfare agencies to implement services aimed at serving families before tragedy strikes, the Federal Government will ultimately realize the ability to serve more families with greater success.

Increased flexibility in the use of resources would allow counties and states to develop and access a wide variety of community resources to respond to the safety and permanency needs of all children and families in the most timely, effective, efficient and least intrusive manner. Such a restructuring of financing for child welfare services would enable states to develop a more effective and fact-driven differential response at the front end of the foster care system, based on a rational assessment of both risk to the child and family strengths. This approach would also enable the more intensive court supervised interventions to be focused on children and families with the greatest need.

The Pew Commission recommended not simply greater leeway in the use of federal dollars, but also that states be allowed to "reinvest" federal dollars that would have been expended on foster care into other child welfare services, if those approaches safely reduce the use of foster care. States should be allowed to use federal funds proactively for services to keep children out of foster care or to leave foster care safely.

The Commission also recommended that the Federal Government expand and streamline the child welfare waiver program, devote resources to training, evalua-

tion, and sharing of best practices, and provide bonuses to states that make workforce improvements and increase permanence for children in foster care. All of these approaches warrant the Committee's serious consideration.

As Pew Commissioners wrote, "[W]e believe that dissatisfaction with the failure of the current financing structure to produce better outcomes for children is sufficiently strong that leaders on both sides of the aisle are ready and willing to consider new financing proposals." We hope this positive prognostication is accurate.

Talking about better programs for abused and neglected children is not sufficient. Our nation must start *acting* and developing a federal budget that reflects a tangible commitment to a better future for abused and neglected youth. These are the children of our community and our future. They deserve our very best efforts.

Thank you for affording me the opportunity on behalf of the Children's LawCenter and the thousands of young clients we represent to offer my perspectives in regard to ways our nation can better serve our neediest and most vulnerable children.

Statement of Frank J. Mecca, County Welfare Directors Association of California, Sacramento, California

The County Welfare Directors Association of California (CWDA) appreciates the opportunity to submit testimony for the record regarding federal foster care financing. CWDA has long advocated for changes to the federal child welfare financing structure in order to better serve abused and neglected children and their families. We support federal changes that will help states and counties achieve better results for these children and move them more quickly into safe, permanent homes. Each of California's 58 counties operates a child welfare program, with oversight from the state and Federal Governments. Counties are partnering with the state and with their communities in numerous ways to enhance children and family services, but federal reform is necessary to achieve the desired results.

According to the California Department of Social Services:

- More than 700,000 children come into contact with California's child welfare system annually.
- On any given day, more than 175,000 children are in contact with the child welfare system.
- More than 86,000 children were in foster care in 2004. That compares to 108,000 children who were in foster care in 2000.
- Of the children in foster care, about 19,000 will reunify with their parents and 8,000 will be adopted during the course of a year.
- Most children entering foster care (76 percent) were removed from their homes for neglect-related reasons.
- Of children who enter foster care, more than 50 percent are age five or under.
- Every year, California county child welfare agencies receive more than one-half million reports of suspected child abuse and neglect. Of these referrals, the vast majority of the cases receive no services, despite assessments that indicate many of these families would benefit from services and support to prevent child abuse and neglect.¹

Based on our counties' experiences in administering California's child welfare system, CWDA has six legislative principles it wishes to share for the record:

- CWDA supports maintaining Title IV-E funding as an open-ended entitlement, including funding for administrative activities, training, services and automation;
- CWDA supports increased flexibility in the use of IV-E funding for a broader array of services, especially to achieve the Child and Family Services Reviews outcomes;
- CWDA supports increased Title IV-B funding, which is a more flexible funding source for services to children and families;
- CWDA supports de-linking the Title IV-E eligibility rules from the old AFDC program;
- CWDA supports federal funding for guardianships to enhance permanency options for children; and,

¹ California Department of Social Services (August 26, 2004). Child Welfare in California: Facts at a Glance. <http://www.dss.cahwnet.gov/cdssweb/res/pdf/Factatglance.pdf>

- CWDA supports the flexibility afforded under the Rosales decision to extend IV–E eligibility to relatives caring for children previously eligible only for Temporary Assistance to Needy Families benefits.

Our detailed comments follow.

Maintain IV–E Entitlement Funding

CWDA strongly urges that the IV–E entitlement be maintained. Foster care maintenance, administration, training, and automation funds should be kept as uncapped funding streams. Maintaining the federal commitment to a stable, dependable funding source is critical for states as they invest in the very programs that the Child and Family Services Reviews (CFSR) encourage them to create and expand. Those investments are needed to prevent abuse and neglect, intervene appropriately in families where abuse and neglect are occurring, and achieve timely, permanent solutions for children.

Last year, California built on the model started with the CFSR by initiating a statewide system improvement effort recognizing that local communities are in the best position to assess their strengths and needs and jointly develop strategies to improve and achieve child safety, permanence and well-being. Known as the Child Welfare System Improvement and Accountability Act (AB 636), the law established a comprehensive approach to oversight and accountability which measures and monitors the performance of every county's child welfare services system.

We support the continuation of separate entitlement funding for the Statewide Automated Child Welfare Information System (SACWIS). The ability of states and counties to accurately and effectively measure their improved outcomes over time is an important element in improving the child welfare system.

Title IV–E administrative funds support social workers who form the system's foundation. These vital staff provide the day-to-day contact with children and families, foster families, the court system, community agencies, and other partners. They work to ensure the best result for children and families in their caseload. Key to the system's success is regular, quality contact between them. Court orders requiring enhanced services and the increasing workloads are already straining the system in many parts of the country, including California. Additionally, CFSR outcome measures depend in large part on social workers' ability to meet with and assess the needs of children and families. Funds for placement services and administrative activities are therefore fundamentally intertwined.

California, like other states, faces a shortage of trained social workers, inadequate funding to hire enough workers, and increasing demand for a wider array of services and supports for families. A comprehensive study of child welfare workloads in California counties released in 2000 found that our child welfare workers carry caseloads twice the recommended levels, making it difficult, if not impossible, for them to provide services beyond the basic protections to children and families—let alone the enhanced services that are needed in order to substantially improve counties' performance.² Since that time, the state's fiscal situation has not improved, and the number of requirements placed on child welfare staff have only increased. Those demands have also increased due to increasing methamphetamine abuse in a number of our counties. Predictable and stable federal funding which continues the federal, state and county partnership is a critical underpinning to the IV–E system.

Provide Flexibility to Use Title IV–E for Broader Services

Title IV–E continues to focus on out-of-home foster care placement rather than providing prevention and reunification services. Further, Title IV–E dollars are limited primarily to income-eligible children. Ironically, use of federal Title IV–E funds is not allowable for most of the services and supports that the CFSR seeks to increase. Consequently, states and counties must use their limited Title IV–B funds and patch together funding from other inadequate sources. This fragmented system means that thousands of families are unable to receive the services they need, and children remain in foster care far longer than they should.

Enabling states and counties to use Title IV–E funds in a more flexible manner would lead to system improvements. Allowing counties to use Title IV–E to pay for substance abuse and mental health treatment, for example, could ensure faster access to these services. Parental substance abuse is estimated to be a factor in two-

² California Department of Social Services (April 2000). SB 2030 Child Welfare Services Workload Study: Final Report. Sacramento, California.

thirds of foster care cases.³ Similarly, up to 85 percent of children in foster care exhibit significant mental health problems.⁴

Increase Funding and Access to Title IV-B Funds

Counties use a patchwork of numerous programs, including funding from the substance abuse, mental health, education, and medical care systems to serve children and families in the child welfare system. Counties also use Title IV-B funding, an allocation that is much smaller but more flexible than Title IV-E. Title IV-B funding can be used for a wide range of activities to protect and reunify families, but it is an insufficient allocation that most California counties exhaust in the first three months of each fiscal year.

Increasing the amount of funding provided through Title IV-B would assist counties and states in providing the types of services allowable under the existing rules for this funding source, including expanding investments in providing prevention, reunification and family support services. In California, a Title IV-B expansion would support ongoing child welfare system reform initiatives and facilitate implementation of the State's Program Improvement Plan (PIP).

De-link Title IV-E from AFDC

CWDA supports eliminating the AFDC look-back requirement, which wastes precious resources on the processing of unnecessary paperwork, so that limited funding and social worker's time can be focused on direct services to children and families. The cost of care and services for children whose parents don't meet the outdated AFDC criteria are the sole responsibility of the states and, in California, the state and counties. Federal funding should be available to children in need of protection regardless of their parents' income.

County staff must evaluate every child who enters foster care to determine those who are Title IV-E eligible, using AFDC rules that are nearly a decade old. Federal financial participation is available only for children who are removed from income-eligible homes based on the old rules. Yet, states and counties are federally required to provide the same services to non-IV-E eligible children and meet the same outcomes, without any federal assistance. Because the income eligibility rules have not been updated, the number of eligible California children has dropped. Between 1999 and 2002, the number of foster children receiving Title IV-E funds in California dropped by 24.9 percent, and the proportion of the foster care caseload that was IV-E eligible was reduced by 7.85 percent.⁵ This decline is expected to continue if nothing is changed, with the state and counties paying the entire cost for ineligible children.

Provide Federal Funding for Guardianships

About 40 percent of all children first entering foster care in California live primarily in a relative care placement. These children are more likely to be placed with their siblings, less likely to have multiple foster care placements and more likely to maintain their living situation and family relationships when they turn 18 than children who are placed with non-relatives.⁶

CWDA strongly supports federal financing of guardianships. Due to the success of California's ground-breaking Kin-GAP program created in 1998, thousands of California children are in permanent homes. However, the future of Kin-GAP may be in jeopardy, since it is financed with increasingly scarce TANF funds. Kin-GAP has encouraged relatives to enter into permanent guardianships for children as an alternative to adoption. Participants receive monthly subsidies equal to the amount they would have received as foster parents, with a sliding scale based on regional costs and the age of the child. Kin-GAP, however, cannot assist non-relatives who assume guardianship of children, because of TANF funding rules.

CWDA supports federal legislation to include guardianships as an allowable activity in the Title IV-E maintenance funding stream, and enable children placed into guardianships to retain IV-E eligibility, with the maintenance subsidy payable to the guardian. Continued receipt of IV-E funding would be consistent with the federal Adoption and Safe Families Act of 1997 (ASFA), which contains provisions

³U.S. Department of Health and Human Services (April 1999). Blending perspectives and building common ground: A report to Congress on substance abuse and child protection. Washington, DC. Retrieved from <http://aspe.hhs.gov/hsp/subabuse99/subabuse.htm>

⁴Marsenich, L. (2002). Evidence-based practices in mental health services for foster youth. Sacramento, CA: California Institute for Mental Health.

⁵U.S. House of Representatives, Committee on Ways and Means, 2004 Green Book.

⁶Needell, B., Webster, D., Cuccaro-Alamin, S., Armijo, M., Lee, S., Lery, B., Shaw, T., Dawson, W., Piccus, W., Magruder, J., & Kim, H. (2004). Child Welfare Services Reports for California.

aimed at promoting adoption and permanent placement for children removed from their homes due to abuse or neglect.

Maintain *Rosales v. Thompson*

CWDA strongly opposes any efforts to legislatively overturn *Rosales v. Thompson*. Thousands of vulnerable children living with needy caretaker relatives have benefited from the decision of the Ninth Circuit Federal Court of Appeals to uphold a California state court decision to extend Title IV–E eligibility to these families. If *Rosales* were overturned, caregivers of these children would be eligible only for lower, TANF-funded assistance, which would make needy relatives less financially capable of caring for children and increase the likelihood that those children will not have a stable placement. Overturning the decision would run counter to a nationwide focus on recruiting and supporting relative caregivers.

Conclusion

The County Welfare Directors Association of California appreciates the opportunity to provide written comments on federal financing of foster care. Thoughtful and well-structured reforms are vital to children and families. States and counties need an enhanced and more flexible federal partnership to improve the safety, permanence, and well-being of children and families. CWDA stands ready to work with members of the Human Resources Subcommittee to achieve those goals.

Statement of David Kass, Fight Crime: Invest in Kids

Thank you for the opportunity to submit this written testimony. My name is David Kass, and I am the Executive Director of Fight Crime: Invest in Kids, an anti-crime group of more than 2,500 police chiefs, sheriffs, prosecutors, and victims of violence from across the country who have come together to take a hard-nosed look at what the research says works to keep kids from becoming criminals. Law enforcement leaders know from their firsthand experience that child abuse and neglect is often only the first chapter in a tragic story of violence. Abuse and neglect increase the likelihood that a child will engage in later violence. Leaving children in dangerous homes where they may be subject to continuing abuse or neglect makes them even more likely to grow up to become criminals, endangering the safety of our communities.

We commend the House Ways and Means Subcommittee on Human Resources for drawing attention to the need to increase prevention services and address the inadequacies of the child welfare system. **As you consider reform of child welfare financing, we encourage you to adopt the following recommendations:**

- Maintain Title IV–E foster care maintenance “room and board” funding as an uncapped entitlement;
- Allow states to reinvest funding saved by reducing foster care expenditures into prevention and services, without capping foster care funding;
- Increase funding for the Promoting Safe and Stable Families program and in-home parent coaching programs, and reject proposals that combine designated prevention funding with other funding thereby decreasing expenditures that help prevent children from being abused or neglected in the first place; and
- Consider child welfare reform through a deliberative process that allows for full debate of this complex, critical issue with the goal of changing federal policies to best protect children—not through the budget reconciliation process, which has the sole goal of reducing expenditures.

Child Abuse and Neglect

Each year, 900,000 cases of child abuse and neglect are investigated and verified by state child protection systems. The Third National Incidence Study of Child Abuse and Neglect, a Congressionally mandated study, concluded that the actual number of children abused or neglected each year is three times the officially recognized number, meaning that an estimated 2.7 million children in America are abused or neglected every year. It is estimated that more than 2,000 children die from abuse or neglect each year, including 1,400 deaths that are officially reported.

Research confirms what law enforcement leaders know—that being abused or neglected sharply increases the risk that children will grow up to be arrested for a violent crime. Severe abuse and neglect, particularly when they occur during the earliest months and years of life, can permanently injure children in ways that make them much more susceptible to engaging in violence. The best available research indicates that, based on confirmed cases of abuse and neglect in just one

year, an additional 35,000 violent criminals and more than 250 murderers will emerge as adults who would never have become violent criminals if not for the abuse or neglect they endured as kids.

Child Abuse and Neglect Prevention

We strongly agree that prevention must be the focus of child welfare reform. By the time law enforcement gets involved, it is too late to undo the damage that results from child abuse and neglect. After all, over half of the children who die from abuse or neglect were previously unknown to Child Protective Services, and children who survive abuse or neglect are dramatically more likely to engage in later crime and violence.

Fortunately, there are effective prevention programs that are proven to reduce child abuse and neglect and later delinquency, helping to reduce the need for foster care placements. For example, the Nurse Family Partnership in-home parent coaching program provides home visits by trained nurses to low-income, first-time mothers from pregnancy until the child is two years old. The nurses provide coaching in parenting skills; help reduce cigarette, alcohol, and drug use during pregnancy; and provide other support. Rigorous research, published in the *Journal of the American Medical Association*, shows that when the Nurse Family Partnership randomly assigned at-risk mothers to participate in this program, children whose mothers were left out of the program had five times as many confirmed reports of abuse or neglect as the children whose mothers received this in-home parent coaching program. Fifteen years after services ended, the mothers who participated had only one-third as many arrests, and their children had only half as many arrests compared to those who received no services. The RAND Corporation concluded that the Nurse Family Partnership saved \$4 for each \$1 spent, and paid for itself by the time the kids were three years old.

Unfortunately, too many families do not have access to such prevention programs. In fact, the Nurse Family Partnership serves only 12,000 of the 500,000 eligible women nationwide. This inadequacy has led to numerous preventable foster care placements, and an unnecessarily large number of kids growing up to become violent criminals.

However, proposals that would remove the long-time federal guarantee of foster care "room and board" funds for the protection of abused or neglected children would jeopardize the safety of these children, while providing no guarantee or likelihood that any substantial part of the funding would go to prevention.

Maintain Uncapped Foster Care "Room and Board" Funding

For kids who have been abused or neglected, every attempt should be made to keep children safely at home. However, when that is not possible, we must ensure the availability of a safe foster home so that kids are not subject to continuing abuse or neglect. Researchers compared outcomes of abused and neglected children who were initially placed in foster care with outcomes of abused and neglected children who were initially left at home and then later placed in foster care because of continuing abuse or neglect. They found that abused and neglected children who were wards of the court and initially remained at home, but were later placed in foster care because of continuing abuse or neglect, were 27% more likely to become violent criminals than abused or neglected children who were initially placed in a safe foster home. In fact, four out of ten wards of the court who were abused or neglected and left in their homes but later needed to be placed in foster care grew up to become violent criminals.

To ensure that children are not left in dangerous homes where they are subject to continuing abuse or neglect, it is critical that Congress maintain Title IV-E foster care maintenance "room and board" funding as an open-ended entitlement. Between 1999 and 2003, over ¾ of the states had increases in the number of children needing a safe foster home during at least one year. Over ¼ of the states had increases of more than ten percent in at least one year but did not reach the increased level needed to access the contingency fund in the foster care cap legislation proposed by Subcommittee Chairman Herger last year. In 2003, ten percent of the states had foster care caseloads that were at least 35% higher than their 1999 caseloads.

There are many reasons why a state's foster care caseload may grow, some of which are beyond the control of a child welfare agency. For example, the growing epidemic of methamphetamine is already beginning to lead to a substantial increase in children needing a safe foster home in some states. In 2003, the Drug Enforcement Administration counted more than 17,000 methamphetamine lab seizures by law enforcement across the country. These seizures alone resulted in thousands of children needing foster care placements. In addition, judges and child protection workers in Colorado have labeled methamphetamine the "walk away" drug because

many parents who are addicted to methamphetamine abandon their children, resulting in the need for more safe foster homes.

Foster care caseloads may also rise as states improve their ability to fully and more accurately investigate reported cases of abuse or neglect. As stated above, the actual number of children abused or neglected nationally is estimated to be three times the officially recognized number. Increased abuse and neglect education and awareness outreach efforts to doctors, nurses, law enforcement officers, teachers, child care providers, and the general public may also result in the identification of more children who have been abused or neglected and need foster homes.

We are extremely concerned that, in the event of capped foster care “room and board” funding, a cash-strapped state with a rising foster care caseload and set funding would have to make a difficult decision: risk leaving children in dangerous homes where they may be subject to continued abuse or cut other services for kids, such as prevention, to pay for foster care. Either option would result in more child abuse and neglect and more crime. Therefore, we agree with the Pew Commission on Foster Care’s recommendation to maintain the foster care “room and board” payments as an uncapped entitlement.

At the July 13th, 2004 hearing before your subcommittee, Pew Commission Chair Bill Frenzel stated the Pew Commission’s opposition to capping foster care “room and board” assistance, even with a contingency fund. As Mr. Frenzel stated:

We recommend maintaining that entitlement without a cap. The members of the Pew Commission feel strongly that protecting children who cannot stay safely in their own homes is a shared Federal-State responsibility—and that the Federal Government should maintain its responsibility, especially if the need for foster care increases dramatically for reasons beyond the control of State policymakers, as was the case in the early 1990s. Mr. Chairman, we recognize that you designate the TANF Contingency Fund as a safety net for States that experience severe increases in foster care. In a capped system, a contingency fund is essential. But in our deliberations, we concluded that an uncapped system was a better approach, in part because the Contingency Fund is hard for States to access in a timely manner and may not contain sufficient funds to respond to a nationwide surge in the need for foster care.

We agree that it would be very difficult for states to access the contingency fund proposed in the legislation that Chairman Herger introduced in July 2004. The average number of children in foster care in a state would have to increase by 15% (provided the national caseload also increased by 10%), or 20%, in order for a state to access the contingency fund for additional resources. The amount that could be claimed from the contingency fund would be limited nationally and on a state by state basis (to 20% of the state’s federal foster care allotment). In the past 25 years, there have only been two years when foster care caseloads increased more than 10% nationally in one year. Those two years were during the peak of the crack cocaine epidemic—1987–1988 and 1988–1989. In addition, the contingency fund would only help the state for the year in which it experienced the dramatic increase in caseloads. The following year, even if the caseloads remain at the same elevated level, the state would revert to its previously set foster care “room and board” capped funding for that year.

The law enforcement leaders who constitute Fight Crime: Invest in Kids have seen children sexually abused, abandoned, or beaten so severely that there is no question that they need safe foster homes. Foster care funding is not “free money” encouraging states to take kids away from decent parents. To receive federal foster care funding, states must contribute a funding match. In addition, to receive federal foster care funding, a judicial determination must be made for each child that there were reasonable efforts to prevent foster care placement. As Assistant Secretary for Children and Families Wade Horn stated during the June 9th hearing, there is no evidence that uncapped foster care funding is an incentive to unnecessarily place kids in foster care. The June 2005 Office of the Assistant Secretary for Planning and Evaluation Issue Brief on Federal Foster Care Financing states, “Some have argued that because foster care is an entitlement for eligible children while service funds are limited, Title IV–E encourages foster care placement. However, it seems unlikely that caseworkers make placement decisions on the basis of children’s Title IV–E eligibility, nor is it likely that judges use Title IV–E status as a significant factor in their placement rulings. Indeed, caseworkers and judges are often unaware of children’s eligibility status.”

Allow States to Reinvest Saved Foster Care Funding

Capping foster care “room and board” funding is *not* the only way to allow states to shift funding from foster care to prevention and services if they reduce their foster care expenditures. We support the Pew Commission’s recommendation to amend

Title IV–E to allow states to reinvest foster care savings, while maintaining Title IV–E foster care “room and board” payments as an uncapped entitlement. Under such a proposal, if a state reduced its foster care “room and board” expenditures below the state’s projected foster care expenditures by reducing the number of children in foster care or the length of stay in foster care, the state could reinvest the federal savings in prevention and child protection. This proposal would promote flexibility and would help ensure that states that can safely reduce their foster care expenditures have funding to pay for prevention and services to keep kids at home.

Increase Funding Designated for Child Abuse and Neglect Prevention

We are also concerned that the proposed new flexible state grant, *Safe Children, Strong Families*, in the foster care bill that Chairman Herger introduced last year, would not accomplish the goal of increased funding for prevention services. Historically, states have used multi-purpose funding for prevention services only after they have met needs related to kids who have already been abused or neglected, except when funding is specifically designated for prevention, such as in the Title IV–B Promoting Safe and Stable Families (PSSF) program. A September 2003 Government Accountability Office report demonstrated that over 70% of funding from the flexible Title IV–B Child Welfare Services program is spent on child welfare system uses to help kids who have already been abused or neglected and only 10% is spent on family support/prevention and family preservation, while over 60% of funds from PSSF supports prevention and family preservation services and only 8% is spent on child welfare system uses. The *Safe Children, Strong Families* grant would combine funding from PSSF with other child welfare funding streams in a flexible grant. Without funding specifically designated for upfront prevention services, states would likely decrease—rather than increase—their investments in prevention.

Instead of combining the Promoting Safe and Stable Families program in a flexible grant, we recommend that Congress increase funding for this program by at least \$1 billion over five years and make all of the funding mandatory to ensure that the program receives its full authorized amount. Increasing funding for PSSF would enable states to implement programs proven to prevent child abuse and neglect and thereby reduce foster care placements. The discretionary component of PSSF is authorized at \$200 million per year. Despite the fact that the President had requested this amount, PSSF has never received more than \$101 million per year in discretionary funding. Making all of the PSSF funding mandatory would ensure that the full amount is available to help prevent child abuse and neglect, which would reduce foster care placements and later crime. In addition, we recommend that Congress provide funding specifically for evidence-based in-home parent coaching programs for at-risk families, such as the Nurse Family Partnership described above. To reduce foster care caseloads and keep children safely at home, Congress should increase investments specifically designated for proven prevention programs like in-home parent coaching.

Use a Deliberative Process to Consider Child Welfare Reform

Since child welfare financing is extremely complex, we urge the Committee to use a deliberative process that allows for full consideration of the best ways to prevent child abuse and neglect and ensure that children have safe, permanent homes through legislation with the goal of changing federal policies to best protect children. We urge you to *not* include child welfare financing reform in budget reconciliation legislation, which has the sole goal of reducing expenditures and would limit the opportunity for debate and adequate attention to this critical issue.

By maintaining Title IV–E foster care “room and board” payments as an uncapped entitlement, allowing states to reinvest saved foster care expenditures on prevention and services, and increasing funding for the Promoting Safe and Stable Families program and in-home parent coaching programs, Congress would protect the safety of kids who have already been abused and neglected while preventing more kids from suffering abuse or neglect. These strategies will help to break the cycle of violence caused by child abuse and neglect that victimizes many thousands of additional innocent people each year.

Thank you for this opportunity to present our views on how your subcommittee can help to reduce child abuse and neglect and later crime.

Statement of Pamela Pressley, Generations United

As an organization dedicated to improving the lives of children, youth, and older people through intergenerational strategies, Generations United is pleased to have

this opportunity to submit testimony about federal foster care financing issues to the Subcommittee on Human Resources of the Committee on Ways and Means.

Generations United recommends that foster care and child protection programs be maintained in a way that ensures continued access to the programs while sustaining and improving the level and quality of services and protections in order to enhance outcomes for children and families. Efforts to provide flexibility to the states should be tied to improved outcomes for those intended to benefit from the programs and resources.

Among the children served by the foster care system are those being raised by grandparents or other relatives. According to the U.S. Census 2000, more than six million children across the country are living in households headed by grandparents or other relatives. More than 130,000 of those children are part of the formal foster care system.

Children are being raised in relative headed families due to a variety of factors such as parental substance abuse, incarceration, HIV/AIDS, death, poverty, mental health issues and military deployment. Subsidized guardianship programs have demonstrated success supporting families and obtaining permanency goals.

Recommendation: Allow states to use Title IV-E federal funds for subsidized guardianship

Many relatives choose to become licensed foster parents in order to receive foster care payments which provide them the necessary resources to raise children in their care.

As with all children, the goal is permanency, however in certain family situations, guardianship or permanent custody might be the best permanence option available when children cannot return home. A federally funded Subsidized Guardianship Program would allow states the flexibility to use Title IV-E funds to support subsidized guardianships that move grandparent-headed families from temporary to permanent placements. State waiver programs have demonstrated the cost effectiveness of the use of such funds and the positive impact this has on families.

Benefits of Subsidized Guardianship

Subsidized guardianship arrangements are particularly important for children raised by grandparents or other relatives because they:

- Enable families to maintain bonds with the birth parent(s) who may have a physical or mental disability that makes them unable to care safely for the children in their own home;
- Honor the wishes of many older children who may not wish to be adopted and/or to break ties with their birth parents;
- Allow birth parents who may one day be able to resume caregiving activities to regain custody of the child with the oversight and approval of the courts and/or child welfare agency;
- Respect the norms existent in many cultures where terminating parental rights defies important societal norms of extended family and mutual interdependence;
- Provide the courts with flexibility to limit or expand the legal guardians' and parents' authority as necessary to best serve the changing needs of individual children, their caregivers, and birth parents; and
- Limit state oversight and intervention in the lives of children who are being raised by grandparents or other relatives, for whom adoption and reunification have been ruled out, and who want to minimize the states ongoing role in their lives.

Supportive Research

An evaluation of the Illinois Title IV-E waiver program found that over five years, subsidized guardianship provided permanence for more than 6,800 children who had been in foster care, that discussing all permanency options actually helped to significantly increase the number of adoptions, and that the children involved perceived guardianship as providing as much security as adoption. GU strongly encourages states to use Title IV-E federal funds for subsidized guardianship

Generations United is the only national membership organization focused solely on promoting intergenerational strategies, programs, and public policies. We represent more than 100 national, state, and local organizations representing more than 70 million Americans. GU is the only national organization advocating for the mutual well being of children, youth, and older adults. We serve as a resource for educating policymakers and the public about the economic, social, and personal imperatives of intergenerational cooperation.

Thank you to the members of to the Subcommittee on Human Resources of the Committee on Ways and Means for the opportunity to submit testimony about federal foster care financing issues.

Statement of Lisa Gladwell, River Edge, New Jersey

It is with mixed feelings that I make this, my third statement for the record regarding my family's plight to reunite: to reverse the unjust and illegal termination of a vulnerable and loving family and the responsibility of the Federal Government to ensure state adherence to federal standards. Without a requirement of accountability the Federal Government is party to the annihilation of families and the deprioritization of innocent children's well being through the creation of income streams for states.

Understanding the spirit and good intent of the Adoption Assistance and Child Welfare Act of 1980 and the Adoption and Safe Families Act of 1997, it is none the less irresponsible to distribute hundreds of millions of taxpayer dollars to immoral state administrations hungry for handouts which will maintain the bureaucratic status quo absent of any compliance to federal standards.

My children's last day at home was the same day I asked for help with my alcoholism. My children were never abused or neglected, but by virtue of my disease I was classified as negligent. My husband, *not* an alcoholic, was torn from his sons' lives because he took the advice of addiction experts, encouraged the recovery of his children's mother, educated himself and believed what the professionals said: that addiction is a family disease and recovery is attainable. The State of New Jersey told him he must rid himself of the problem—me—if he was ever going to have his children returned. He moved out of our home thereafter. But, that was insufficient to those bent on destroying our family. He was declared in court as “non-autonomous” for participating in recovery support activities and programs designed to educate and encourage an addiction free life. Ultimately his belief in and following the advice of experts has proven correct (I have been in recovery for over three and a half years at this time), but “doing the right thing” has left him estranged from his sober wife and completely severed from his two young sons. Is this the application of the legislation the Federal Government had in mind?

Since my testimony and appearance before your committee (November 9, 2003 statement published as part of the Human Resources' November 19, 2003 Hearing on Improved Monitoring of Vulnerable Children, orally testimony at the January 28, 2004 Human Resources Hearing to Review Federal and State Oversight of Child Welfare), my experience and knowledge has expanded greatly in regard to the immoral Child Welfare Machine and the state practice of child trafficking. What I have learned is frightening. The depth of in-grained corruption, attitude of entitlement, unchecked power and unethical conduct necessary to feed the Child Welfare Machine is astonishing as is the complicit acceptance of this practice by public servants charged to protect and defend the vulnerable from being pulverized and sorted into income producing commodities and discarded scraps of human waste.

When pressed for specifics in my family's case, James Davy, the New Jersey Commissioner of Human Services has made contradictory and blatantly false statements *in writing* as to the basis of the state's action. The New Jersey Child Advocate, requested to provide an independent assessment of those statements, chose not to answer on the record, despite having the information, responsibility and moral obligation to do so. New Jersey Legislators, state attorneys, commissioners' staff, members of the judiciary, “advocates” and public servants all have given witness to and provided validation to the existence of what is nothing less than domestic child trafficking, but yet all are powerless against the fiscally driven Child Welfare Machine, fueled on the carcasses of vulnerable families and discharging the best interest of children as an emission.

This practice of bullying of weak individuals by the Child Welfare Machine in the bureaucratic school yard, egged on by associates, in plain view of those lacking the courage and/or power to speak up and with an eye on the next, unsuspecting target is reprehensible. Lest we forget:

*First they came for the Communists,
And I didn't speak up,
Because I wasn't a Communist.
Then they came for the Jews,
And I didn't speak up,
Because I wasn't a Jew.
Then they came for the Catholics,
And I didn't speak up,
Because I was a Protestant.
Then they came for me,
And by that time there was no one
Left to speak up for me.*

—Reverend Martin Niemoller, 1945

Ignorance abounds—and the survival of the Child Welfare Machine depends on that. Federal Legislators have confidently stated there are no federal incentives involved in adoption. The public, by enlarge, is unaware of their tax dollars being spent to finance the immoral decimation of families. But, those in significant decision-making positions within the state judiciary as well as other key roles are *acutely* aware of this significant source of revenue which funds their paychecks. The Director of New Jersey's Division of Youth and Family Services' staff personally told me, after speaking with her superiors and upon conceding that my family's case involved unethical actions, that they are not interested in introspection or willing to examine any of their ethical lapses. It is the job of the [understandably overtaxed] Child Advocate to "catch them."

No longer blissfully ignorant, I now have personal knowledge beginning with the unfortunate victimization of my innocent loved ones. It is no wonder that I have been warned to be cautious for my speaking out on this issue financially threatens many powerful people. I have met many others who also hold the permanent scars from the reprehensible Child Welfare Machine and even more who are being processed now as fiscal fuel for this bully. These travesties of justice are not just happening in New Jersey—there are countless inter and intra state victims of this immoral practice. Often it is in the interstate conflicts that the perverse role of federal funding most prominently reveals itself. No one else should have to hear during their last visit with their children the caseworker nonchalantly volunteer, "Don't worry, this is not goodbye. As soon as they turn eighteen they will come home."

My reluctant journey is to eliminate this federally financed holocaust: to provide a voice for those who have been robbed of theirs by personal devastation, dehumanization and suppression by the machine feeding upon them. I do not take this journey lightly. It is mine, but it was not my choice (or that of my loved ones). It is not my strength, courage or limited abilities that carry me on this path. It is belief in the spirit and principles of this great nation, its respect and concern for its entire people and, finally, divine intervention that drives me forward. Again, I will be part of the solution: my family and others deserve nothing less.

In recovery over three and a half years, since well before the termination of my family, I am active in recovery support. From my individual recovery to active leadership roles in regional as well as state organizations, my life is a testament to the reality (and miracles) of recovery. To attain the ultimate financial target of severing my parental rights, the state's [admitted] non-experts" in addiction erroneously doomed me to a hopeless life of addiction, lacking the psychological capability to maintain a meaningful recovery. With that mistaken and self-serving prognosis, the Child Welfare Machine sentenced my family to execution.

There are many of "us" in all stages of "life sentences" due to the abuse of federal funding. The Child Welfare Machines, thumbing their noses at federal standards, are thriving on federal dollars. The Jackson "family" of Collingswood, NJ momentarily brought the Child Welfare Machine to the national spotlight. Initially, to squelch the public outrage, NJ DYFS workers were blamed, removed and/or fired. Through public scrutiny, the NJ Child Welfare Machine was forced to prostrate itself to falsely assuring the public the issues have been rectified and to dim the national spotlight. Quietly, however, New Jersey Child Welfare Machine returned to the status quo. The workers were quietly returned, the administration continued intact and the financial incentive that created this devastating situation continues unabated today. What of the Dollars of Hollywood, Florida and the Davisons of Beachwood, New Jersey?

Today the corrupt Child Welfare Machine and domestic child trafficking are healthy and continue to churn out victims. These travesties of federal funding continue and will do so until states are held accountable to federal standards: genuine

requirements to consider family preservation, provide reasonable efforts for family reunification. Financial incentives to traffic children must be eliminated in favor of the seeming "expense" to preserve and reunify. It is irresponsible and morally reprehensible in light of reality to continue to financially fuel the corrupt Child Welfare Machine without oversight and accountability. The Federal Government has an obligation to its citizens/stakeholders to ensure their dollars are being spent wisely and ethically.

I have made many contacts through this tragedy and received much moral support. But in my search for assistance from those interested in and responsible for affecting change, I have been unsuccessful to date. Amongst notable others, the Children's Bureau responded with a form letter completely unrelated to this practice. In fact, there seemed to be no acknowledgement that they were concerned or making a note of these issues. Again, ignorance is bliss. Personally I am aware of a website under development with frightening accurate details of the Gladwell tragedy, which may include (readily available for your examination and investigation) documents, tapes, transcripts, etc. Also, there are documentaries underway calling attention to these atrocities. But, I ask of you, the federal committee culpable for monitoring and controlling this funding of corruption, where is MY family to go for justice? What can I do to help you make this immorality and devastation stop for all those victimized? Please help the vulnerable and innocent from being destroyed: stop the states from putting their fiscal priorities before the best interest of children and the preservation of family.

May God continue to bless your good works. I look forward to hearing your thoughtful words.

Statement of Glenna Bible Mullenix, Jefferson City, Tennessee

I appreciate the work you are doing and the fact that you have allowed me to submit my information. This is only the tip of the iceberg, as far as I, and a lot of other people are concerned. I am feeling so much guilt, as I made most of the referrals to CPS, because I thought they could help me. I don't think I am as naive as I once was, the last 8 months' research has helped me grow in truth and knowledge. To whom does DCS answer? DCS is like the Vatican; ruled by them, contained by them, a great many resources for money, they "govern" us, we have no way to be heard (of course the church does have confession booths, but where do we go? Don't say to court, that's a joke!) The 2 judges I have dealt with are so "DCS" oriented, I wonder if DCS pays them or entertains them, or owns them? I bet if some of the money was cut back, DCS wouldn't be so quick to hold children for 2 or 3 or 5 years! And what was W thinking when he enacted this adoption deal, giving DCS the "incentive" to steal kids, put them up for adoption and get the money? That is like the proverbial carrot in front of the rabbit!

SOME OF MY FINDINGS DO GO BACK SEVERAL YEARS, BUT IT STILL OBVIOUS THAT A LOT OF WHICH MS. MILLER WAS CONFRONTED WITH, AT HER TIME OF BEING APPOINTED BY GOV. BREDESEN, HAVEN'T EVEN BEEN ADDRESSED, LET ALONE CORRECTED. THE ONLY POSITIVE I WAS ABLE TO SEE IS THAT HER FIRST DUTY WAS TO PROTECT TENNESSEE FROM A LAWSUIT FILED AGAINST HER DEPARTMENT, BEFORE SHE TOOK OFFICE. I AM SURE SHE GOT KUDOS FOR THIS, BUT WHAT NOW? BASICALLY SHE HAS UNTIL 2006 TO COMPLY! BUT IF I CAN SEE SOME OF THEIR FAULTS, U AM NOT SURE THEY ARE GOING TO MAKE IT.

MY 3 GRANDCHILDREN, THE WOLFE CHILDREN, IN FOSTER CARE THROUGH THE MORRISTOWN OFFICE, CERTAINLY APPEAR TO BE A POSITIVE FISCAL RESOURCE, FOR DCS, IS THIS WHY THEY ARE STILL IN CUSTODY?

ALSO, OMNIVISIONS IS STILL CONTROLLING DENNIS' CARE AND EXAGGERATING HIS NEED FOR THEM TO STILL BE CO-ORDINATING HIS CASE. ANOTHER, MORE DISTURBING FACT, IS THE REQUEST HAS BEEN MADE, NUMEROUS TIMES, TO REMOVE DENNIS FROM HIS FOSTER MOM, AS SHE IS BEING ALLOWED, BY OMNI, AS FAR AS I AM CONCERNED, AND ELMER STAPLETON, IN PARTICULAR, TO KEEP HIM, HOPING SHE WILL HAVE HIM FOR 2 YEARS. SHE WANTS TO ADOPT HIM AND HAS NOT HIDDEN THIS FACT AS EARLY AS JANUARY OF 2005!!!!!! THIS CASE EXCEEDS THE LIMIT NECESSARY FOR FOSTER CARE OF ALL 3 OF THESE CHILDREN!! THEY HAVE ME AND THE BOYS' DAD, BOTH APPROVED TO HOME THEM, AND YET DCS AND OMNI STILL ARE DRAGGING THEIR FEET. THIS CANNOT BE IN THE BEST INTEREST OF THESE CHILDREN, I DONT CARE

WHAT ANY CASEWORKER, CO-ORDINATOR, OR DIRECTOR SAYS!!! I DO BELIEVE I HAVE MADE MYSELF CLEARLY UNDERSTOOD.

GLENNA BIBLE MULLENIX

THE CONTINUING CRISIS

In October of 2004, the regional newspaper *The Tennessean* reported that: "A recent series of alarming cases—ranging from severe physical abuse to prolonged sexual abuse to the beating death of a toddler—has prompted renewed scrutiny of the state Department of Children's Services' ability to protect children."

One state legislator suggested that the problems in DCS are so entrenched that the agency may have to be abolished and rebuilt from the ground up.

"One of the things we have to decide is, do we abolish DCS and start over?" said state Senator Thelma Harper (D, Nashville).

"There are days when every one of us has that thought," said Department head Viola Miller. "We may not be perfect, but we're better than nothing."

Senator Harper, a member of the Select Committee on Children and Youth, said Miller came into a "sinkhole" when she took over the agency in January, inheriting 20,000 cases that hadn't been acted upon in two years.

Some child advocates said that some DCS workers simply don't respond to reports of abuse, even when the abuse has been confirmed. If families question the judgment or authority of a caseworker, the workers "take it personally" and sometimes become vindictive, said Helen Shelton, a victims' advocate with the Tennessee Victims Coalition. She also said workers sometimes fail to deal with confirmed cases of abuse.

"I have found in my 15 years of experience that when the authority of DCS is questioned, the best interest of the child is set aside and they take it personally," she said. "I'm so sick of this department abusing their authority and failing to protect the best interests of the child."

Linda O'Neal, executive director of the Tennessee Commission on Children and Youth, conceded that some caseworkers aren't receptive to criticism or suggestions from the families they work with but said there is a new training program designed to alleviate that problem. The Commission she directs is an independent state agency formed to evaluate services for children in state care and act as an advocate for legislative and policy improvements.

DCS head Viola Miller also conceded that some case workers have not been as open and compassionate as they should have been in dealing with some situations, while describing her new training program.

"A big focus of this training is about building trusting relationships with families and treating people with empathy, compassion and dignity," she said.

THE NEW YEAR BEGINS

The year 2005 began with a report of the parents of a six-month-old boy presenting a \$600,000 claim to the Tennessee Claims Commission after their son drowned in the bathtub in a foster home.

The foster mother, Sherika Hamilton, was scheduled to make her first court appearance on charges of aggravated child neglect in mid-January.

DCS became involved with the family after the boy was born, and after his mother was hospitalized for post-partum depression.

Another veil was lifted on the operations of the juvenile courts when it came to light that Wilson County Judge Barry Tatum had been ordering foreign-born women to learn English for the good of their children. In a January case, he insisted that an 18-year-old Mexican woman take language classes and consider using birth control.

"A parent has the right to raise a child the way they see fit, but government gets involved at some point," Tatum said. "I'm concerned about the civil rights of the child and what will happen to her."

The immigrant woman and her American-born toddler both entered the state's custody in 2003 after a complaint was made to DCS accusing the mother of neglect by not following up on immunizations said a DCS spokesperson.

Local civil rights attorney Jerry Gonzalez said the case sounded similar to another recent order issued by Tatum, a decision that Gonzalez is appealing. In that case, Gonzalez said, Tatum had ordered a Mexican woman in a neglect case to learn basic English within six months. If she didn't comply, a hearing was to be held to consider terminating the mother's parental rights to her 11-year-old daughter.

"Ordering a woman to learn English or lose her child, that's blatantly unconstitutional," Gonzalez said. "The First Amendment allows all of us to speak whatever language we choose to speak. There's nothing compelling us to speak English, to learn English or be able to write English."

Judge Tatum said he could not immediately remember the case Gonzalez referred to because of the volume of cases that move through his courtroom.

"This is clearly not acceptable, and we're worried that the judge has gone over the line," said Hedy Weinberg, executive director of the American Civil Liberties Union of Tennessee. "A judge should not require a parent to learn English to have access to their child, and the government should not be telling parents how to communicate with their children."

"The need for fundamental reform of the child welfare system was readily apparent from the mid-1980s on," writes Lisbeth Schorr, who explains that: "Current services and approaches, while much criticized, have a constituency often resistant to change, including tens of thousands of caseworkers trained in traditional approaches." Many of them suffer from what Schorr describes as a "bureaucratic malaise," one that "routinely sabotages and undermines the agency's capacity to change."

Sociologist John Hagedorn recounts his efforts at reforming the Milwaukee child welfare system as having been thwarted by a deeply entrenched "good old boy network" composed of lifetime bureaucrats and services providers. He cautions his reader to beware of "symbolic reforms." Among the lessons he learned was that efforts at reforms "historically have been coopted by bureaucracies and used to feed their self-interests."

Beyond the interests of the caseworkers and the upper level management bureaucrats is an army of self-styled professionals who earn enviable livings serving as field consultants and expert witnesses while masquerading as benevolent "reformers" to legislators and other outsiders with their eyes on a child welfare agency caught in the spotlight.

An army of counselors, psychologists, parent educators, group home providers, foster parents, home visitors, attorneys, as well as other industry vendors and adjuncts add only further to the burden of bringing about reform.

Another army of educators provides the industry with training seminars, and with an ever-growing body of largely useless and derivative articles in industry journals, even as they rake in uncounted millions in federal grants. A recent examination of one such writer's resume indicates a federal grant allotment of \$80,000 for just one article in print. Simply stated, the child welfare system has far too many "stakeholders" with far too much at stake to allow for meaningful reforms.

Through a variety of industry-only trade associations, a discreet spider's web exists behind the helping façade. Attendance at invitation-only industry events, such as the annual CPS Risk Assessment Roundtable, help to ensure both the cross-contamination of ideas and the building of cordial affiliations between various players in the industry.

The National Center for Youth Law currently maintains a "Litigation Docket," which holds an ever-growing list of legal actions taken against states and their child welfare institutions for gross violations against children.

Yet is this the best answer to be devised? "This system has been sued and sued and orders have been issued and people have just continued on their merry way," observed George Miller as he presided over the federal hearings leading to the passage of the Adoption Assistance and Child Welfare Act during the 1970s.

Service provision to parents in need is a rarity in the field of child protection, and in this respect, Tennessee mirrors well the majority of other states:

Stakeholders were in general agreement that services to parents, particularly in foster care cases, are not adequate to support reunification and that the agency in general tends to be child-focused rather than family-focused in its service approach. Stakeholders noted that the agency will specify for parents the services in which they are expected to participate, but will not facilitate access to, or engagement in, those services. In addition, parents often are expected to pay for the services themselves if their insurance does not cover them.

Retaliation against foster parents who advocate on behalf of the children in their care is a theme that is familiar to many child and family advocates, and Tennessee provides no exception to the rule, as the report explains:

A key problem noted by stakeholders in two sites included in the onsite review is that foster parents sometimes are threatened with the removal of children in their care if they ask about subsidies or other forms of financial supports. Several stakeholders also expressed the opinion that DCS rarely provides foster parents with services to preserve placements when foster parents indicate that they are experiencing problems with a child in their care or with their ability to continue as foster parents.

By the time the federal reviews were completed, it was reported that: "No state fully complies with standards established by the Federal Government to assess per-

formance in protecting children and finding safe, permanent homes for those who have suffered abuse or neglect.”

Tennessee scored among the ranks of the worst. “Federal officials said 16 states did not meet any of the seven standards. These states were Alaska, California, Georgia, Illinois, Indiana, Michigan, Minnesota, Nebraska, North Carolina, Ohio, Oklahoma, South Dakota, Tennessee, Washington, West Virginia and Wyoming,” the *New York Times* reported.

In June of 2003, DCS conducted some housecleaning, firing its top Memphis official, Regional Administrator Juanita White, amid an investigation into the deaths of several children under state care. The Shelby County office under her direction had come under scrutiny earlier during the year when The Associated Press reported on a state audit that found the administrator tried to conceal questionable purchases, including \$5,750 paid for the use of a yacht club.

For the seventh consecutive year, Children’s Services inappropriately requested and received reimbursement from TennCare for children not eligible for TennCare services. Inappropriate reimbursements were for incarcerated youth, children not in state custody, children on runaway status, and hospitalized children. Total overpayments were \$1,742,440.

In November of 2003, the Children’s Rights lawsuit now settled, Sheila Agniel, the federal court monitor in the settlement, found that DSC was complying with only 18% of the corrective provisions it was required to meet by February 2005.

The service delivery system for foster children and their families needs improvement

IS DCS AN ADOPTION AGENCY? JUST FOR THE MONEY? THEY ARE SELLING OUR BABIES!

Special Section: November Is National Adoption Month

HHS Awards Adoption Bonuses to States

On October 14, 2004, U.S. Department of Health and Human Services (HHS) Secretary Tommy G. Thompson announced the awarding of \$17,896,000 in adoption bonuses to 31 States and Puerto Rico. The funding comes from the Adoption Incentives Program and is given to States that were successful in increasing the number of adoptions from the public child welfare system over the number of adoptions in 2002.

This is the first time that bonuses have been given to States and territories since the program was revised and strengthened in December 2003. The bonuses go to State child welfare agencies for a variety of child welfare and other related services including adoption and adoption-related services.

“Adoption is a wonderful option for families and must be promoted by all levels of government,” said Secretary Thompson. “The Federal bonuses we are announcing reward States that have worked hard to help children—particularly older children—in the child welfare system find loving, adoptive homes.”

The Adoption Incentive Program, which was revised and strengthened last December by the Bush Administration, for the first time adds a focus on the growing proportion of children aged 9 years old and above who are in dire need of adoption before they “age out” of foster care. Two key changes that strengthen States’ adoption and child welfare services are:

- An additional bonus of \$4,000 to States for each child aged 9 and above adopted from the public child welfare system. This bonus is on top of the current \$4,000 provided for each child and on top of the \$2,000 bonus for each special needs child adopted.
- The threshold to receive incentives has been reset based on the number of adoptions in FY 2002, making States that reached their highest number of adoptions in the earlier years of the program more likely to qualify for a bonus.

“President Bush has worked hard to increase the number of adoptions so more children can grow up in safe, stable, and loving homes,” said Dr. Wade F. Horn, HHS Assistant Secretary for Children and Families. “Today’s grants continue this Administration’s efforts to promote adoption from the foster care system so no child will be left behind.”

Currently, there are 129,000 children in the public child welfare system waiting to be adopted. Of this number, approximately 50,000 children each year are placed into adoptive families. Approximately 19,000 children “age out” of the foster care system without ever having the opportunity to be adopted. The adoption bonus is in addition to a website previously launched by ACF—www.adoptuskids.org—aimed at the recruitment and retention of adoptive families for children in the foster care system.

For a complete list of HHS adoption bonuses, go to www.acf.hhs.gov/adop_inc_2003.htm.

Related Item

For more information about the Adoption Incentive Program, read "President Signs Adoption Promotion Act of 2003" in the December 2003/January 2004 issue of *Children's Bureau Express* (<http://cbexpress.acf.hhs.gov>).

I SENT THE NEXT LETTER TO TENNCARE, THINKING THEY WERE PAYING THE BILL:

TO WHOM IT MAY CONCERN,

I AM UNDER THE IMPRESSION THAT DCS, MORRISTOWN, AND OMNIVISIONS, KNOXVILLE, MAY BE HOLDING ALL 3 OF MY GRANDCHILDREN WITHOUT VALID REASONS. THE OLDEST, A BOY, ERIC DANE WOLF, HAS ADHD, WHICH IS WELL-CONTROLLED BY MEDS AND IN THE RIGHT ENVIRONMENT. HIS MOM IS THE ONLY ONE WHO HAD A PROBLEM WITH HIM DUE TO HER ABUSIVE BOYFRIEND. MY DAUGHTER IS NOW IN TREATMENT FOR CO-DEPENDENCY.

THE SECOND OLDEST CHILD, ALSO A BOY, HAD BEEN DIAGNOSED AS ADHD, BUT WHILE IN DCS AND OMNI CUSTODY IT WAS DETERMINED HE IS NOT ADHD. HOWEVER, DCS AND OMNI "CLAIM" HE STILL NEEDS A "THERAPUETIC" FOSTER HOME AND THEY STILL NEED TO SEE HIM? I CLAIM THIS IS FRAUDULANT! HE IS A VERY SWEET, DOCILE CHILD AND NEEDS TO AT LEAST BE IN THE SAME HOME WITH HIS BROTHER AND SISTER. HE HAS BEEN SEPARATED FROM THEM SINCE 2 WEEKS INTO CUSTODY. THIS IS SO WRONG! THE YOUNGEST, A GIRL, IS FINE, JUST NEEDS OUT OF FOSTER CARE ASAP, AS DO THEY ALL.

AS A FORMER NURSE, WHO ONCE DID QA/UR, I CAN KINDA "SMELL" ATTEMPTS TO INCREASE A LENGTH OF STAY WITHOUT ADEQUATE CRITERIA! THANK YOU.

GLENNA BIBLE MULLENIX

TO WHOM IT MAY CONCERN:

I have just returned from a non-productive meeting at DCS with Amanda Dunn, Leslie England, Teresa Dockery and Omni workers Amanda (don't know last name) and Elmer Stapleton. It started out like they wanted to address concerns I have expressed via e-mail and phone messages. It turned out to be to tell me how I had violated the program.

Even though I expressed my concerns, valid concerns like, why is Dennis' foster mom so obsessive and thinks she is going to adopt him and why did she tell me "Dennis has no family"? DCS agreed, verbally that it had been inappropriate, but Omni, Elmer, took up for her as if what I had said was a lie, it isn't a lie! I also asked Elmer why he attended Dane's ball games, since he is not Dane's Omni worker due to a conflict of interest since his mom is Dane's foster mom. He told me it was a public place. I told him that's what I said about going and DCS now forbids me to go watch my grandson play ball as it is considered a non-supervised visit. I have no contact with him, I watch, cheer him on, and leave. I am sickened unto death at the things DCS AND OMNI get by with and I see some of it as fraud. In particular that Omni is seeing Dennis, although it has been determined that he is not ADHD and his behavior is excellent, yet I heard his date of release is NOVEMBER, 2006!!!!!!FRAUD!!!!!! He is separated from his brother and sister and there has been no attempt to reunite them so they can bond once again. STALL TACTIC LEADING TO FRAUD! WHICH MAY EVENTUALLY LEAD TO TERMINATING PARENTAL RIGHTS AND THUS ADOPTION AND MORE MONEY? DID SIMON LEGREE HAVE ANYTHING TO DO WITH FOUNDING DCS? Dane has been allowed visits with his Dad and begs not to be taken back to his foster home and cries. NOT ACTING IN THE BEST INTEREST OF THE CHILD! He doesn't need to be in foster care either! What is his release date, November, 2010? Ariel has never had issues and could have been placed with me, as Tennessee will grant custody to someone who has been an integral part of the children's lives and her mother and I are the only ones in her life! Based on this, I should have been considered long ago and considered now for immediate custody.

My daughter, their mom, is in a treatment program, finally, and appears to be very involved so she can get her children back and be the mother they need. It may take her 9 to 12 months, but that's fine.

The paternal grandfather and his wife, the children's step-grandmother, are allowed visits with the children in their home, phone calls, go to ball games, etc., but

I am not. Want to know why? Because they go along, like cattle, as does the boys' dad, and accept anything DCS and Omni tells them. I on the other hand stand up for the injustices I see, the children's readiness to leave foster care, and the need to do it ASAP due to being alienated from their family and because several have already expressed an interest in adopting them. GROSS MISCONDUCT BY FOSTER MOMS

These paternal grandparents refused to take custody of them on Oct. 8th and that's why they put them in foster care. When they were close to being placed a time before this (this is their first time in foster care) I called these grandparents and asked them to help me keep them out of foster care and was told, "let them go to foster care," they could not have cared less! My daughter didn't have them call and ask if I would take them, because she had lied to them about me and DCS thought I was not a very good candidate, due to the lies. She was angry at me for the referrals to DCS I made and wanted to get back at me and knew she could hurt me by keeping the children from me. Since Jan has been in treatment, she has notified DCS that she told the lies and is trying to rectify her error.

I now have to consider if I want supervised visits, the only person involved to need to be supervised, or not. I am considering my options. I truly enjoy watching my grandsons play ball, like I did last year. Giving my support in what they are doing is so important to them and most anything they do I just think they are the best!

Bottom line, I must be the only person to ever question the reasons for continued stay in foster care, confronted them and Omni regarding this, how unreasonable the plans to keep them is, and the continued care by Omni constitutes fraud. I am not popular, but one thing Ms. Dunn said is that I am a good child advocate. I knew I was and I will continue to be until DCS and Omni do the right thing for these children. I was told I needed to "work with" them. I told them I did, I made most of the referrals for almost 4 years and since then have seen their inconsistencies, been lied to, had several people tell me 3 or 4 answers to the question I ask, and use the court system as a scapegoat when they are unable to come up with a valid reason for my concerns about the actions they have taken.

I have written everybody but God and I talk to Him, but nobody seems able or willing to do something to correct all of my allegations, concerns, and requests. The judge even told me I had no legal claim to get custody of these children when I knew a person with an integral role, had the right. I am that person. I am so tired of swimming upstream by myself. I can't afford a lawyer and tried to get one pro bono, but when they learn DCS is involved, they drop it like a hot potato.

Remember, Morristown DCS also handles Claiborne County, where baby Haley lived and DCS never acted on her referrals, stating there wasn't a valid need, well, not until she was rushed to the hospital, near death, due to child abuse!

PLEASE HELP MY GRANDCHILDREN GET OUT OF "THE SYSTEM" BEFORE THEY ARE SWALLOWED UP. THEIR FAMILY NEEDS THEM AND THEY NEED US.

Statement of Thomas Atwood, National Council For Adoption, Alexandria, Virginia

Dear Chairman Herger and Members of the Subcommittee:

The National Council For Adoption thanks you for the opportunity to submit this written statement for your June 9, 2005 hearing's record, on the subject of federal foster care financing. The National Council For Adoption (NCFCA) applauds the Human Resources Subcommittee's perseverance in studying and reforming federal foster care financing. The Chairman's and Subcommittee's leadership in addressing this issue has helped to create an excellent opportunity to take an important next step in foster care reform. In both political parties, and across the philosophical spectrum, there is a rare moment of consensus regarding many key principles and policies that can be adopted to better serve children in foster care, through financing reform.

There are important differences, which must be debated and resolved in the legislative process. But in reviewing the major federal

foster care financing reform proposals—such as the Child SAFE Act of 2004, the report of the Pew Commission on Children in Foster Care, and the President’s Child Welfare Program Option—it is clear that there are large areas of agreement, both in principle and policy. Whatever one’s ideas regarding the “perfect” reform agenda, many of the ideas that have been presented would be improvements upon the existing policy. We should not let the perfect be the enemy of the good. NCFCA urges all leaders and stakeholders to take advantage of this rare moment of consensus and achieve the achievable, for the sake of America’s deserving foster children.

At the level of principle, there is widespread agreement that federal foster care financing must be made more flexible, so that states are not so narrowly restricted to spending their federal dollars on foster care maintenance. NCFCA agrees with the many advocates and policy makers who have cited the need to enable states to direct some of these funds to prevention and reunification efforts. NCFCA would add parent recruitment and preparation to this short list of priorities for which states need more flexibility in their federal foster care funding.

There are enough prospective parents resources in America to care for the children in foster care, but they need leadership in order to recognize their callings to adopt or foster parent. There are more than 425 married couples for each child waiting to be adopted out of foster care, and millions of qualified singles who could adopt as well. There are three places of worship for each child waiting to be adopted, and all of America’s faiths exhort their believers to care for orphans. There are private adoption agencies that, with training, could join in serving children in foster care, through adoption and foster placements, pre- and post-placement counseling, and other services. Increased flexibility in federal foster care funding would loose the “laboratories of democracy” on this strategic agenda of parent recruitment and preparation.

States need to be able to spend their foster care dollars on effective efforts to prevent children from entering the system in the first place and to rehabilitate families so they can be reunified. But please consider one cautionary note: While moving in this direction, let us not forget one of the main reasons Congress enacted the Adoption and Safe Families Act in 1997. At that time, many children were languishing in foster care because the child welfare system’s efforts to preserve the family sometimes went beyond any reasonable expectation that it was in the child’s interest to do so. We should be careful to avoid recurrences of that problem.

At the policy level, there is widespread consensus on: allowing states to reinvest unspent foster care funds in other child welfare services; expanding and improving child welfare waiver options for states; de-linking federal foster care and adoption assistance payments from AFDC income standards, to cover all children; extending foster care and adoption assistance payments to tribes and territories; and guaranteeing increasing foster care funding. If all that Congress accomplished was to enact these policies, Congress will have achieved a great deal.

The issue of whether foster care maintenance payments should be capped is important. But considering that both sides support, at a minimum, guaranteed rising foster care spending and access to

contingency funds, it is difficult to see how the outcome of that debate, whatever it is, should cause a reformer to oppose the final legislative product. NCFWA will have more to say about these and other related issues in a later publication.

Mr. Chairman and Members of the Subcommittee, if ever there was a good use of federal taxpayer dollars, it is to provide for right and timely placements of children in foster care. America's foster children are in public care for their protection, through no fault of their own. The National Council For Adoption applauds your efforts to ensure that federal foster care funding is adequate, and appropriately directed, in order to ensure the safety, permanence, and well-being of America's deserving foster children. NCFWA stands ready to assist you in this worthy cause, in any way possible.

**Statement of Terry L. Cross, National Indian Child Welfare Association,
Portland, Oregon**

The National Indian Child Welfare Association (NICWA) submits this statement on the Administration's proposal to change the financing structure of the Title IV-E foster care program.

The June 9 testimony of Wade Horn, Department of Health and Human Services Assistant Secretary for Children and Families, relies on an issue brief from the Office of Human Services Policy as a justification for the Department's recommendations. The Department's study concerns state administration of the Title IV-E foster care program. We expect that significant improvements could and should be made to the IV-E program as administered by the states. We also recognize that the study is a snapshot of the program not taking into account, for instance, local and state funds that are available for foster care services and up-front investments that states have made in their child welfare systems.

Our organization, on the other hand, is focused on tribal government delivery of child welfare services to the children under their jurisdiction. Foster care is an important component of any tribal service delivery system, but tribes have not been allowed to directly access the Title IV-E program, and, therefore, we find that generalizations about state service delivery have limited application to American Indian and Alaskan Native (AI/AN) children under tribal care. Our experience, accumulated over 20 years of working with tribal and state governments on child welfare issues, reveals important principles that guide successful program and policy decisions. We actively use these to guide our work in improving access and the quality of child welfare services to this population. First, tribal governments have a sovereign right and governmental responsibility to protect their children. They also have unique knowledge and resources that are critical to successfully addressing child abuse and neglect issues with their tribal members. Therefore, service delivery and financing schemes must support them as the primary service provider and decision-making entity. Second, AI/AN children have better outcomes when their connection to their cultures, families, and tribes are supported and actively incorporated in child welfare interventions. Third, the ability to exercise tribal authority and responsibility is based in large part on the resources available. Adequate resources are necessary for tribal governments to successfully carry out their authority for children under their jurisdiction.

The Administration's proposal, entitled "The Child Welfare Program Option," would provide to tribes and tribal consortia \$30 million annually in capped entitlement funds to operate Title IV-E foster care programs. Only those tribes that can "demonstrate the capacity" to operate a Title IV-E program would be able to access these funds. When the Administration first made this proposal in its budget three years ago we were very encouraged by its recognition that something should be done about the fact that the Title IV-E statute does not include tribal governments and the children under their jurisdiction. We also recognized that the proposal did not address several issues and hoped to be able to work with the Administration to move forward on workable legislation to allow tribes to directly administer the IV-E program. However, the Administration has shown little interest in other Tribal IV-E proposals and has provided few details regarding their own proposal. This environment has made it difficult to meaningfully discuss the fundamental issue of AI/

AN children being left out of a federal entitlement program and effective solutions to this inequity.

We do agree with the Administration's position that the continued linking of IV-E eligibility to the former AFDC eligibility is outdated and should be changed. There either needs to be new income eligibility criteria, or IV-E services should not be income-based.

We also agree that adding more service flexibility in the use of IV-E Foster Care funding, including increased support for kinship care, would be beneficial.

We have major concerns with the Administration's proposal in the following areas:

Tribes Have Only One Option. The proposal does not allow tribes the same options as states. It would allow tribes (and a limited number at that) only one option, and that is to administer the new capped program. States, on the other hand, could either administer the current open-ended entitlement program or opt to administer the more flexible capped program.

Not All Tribes Would Be Eligible to Administer the Program. The proposal would allow only some tribes to administer the program—those that the Department deems to have the capacity. Little information is given about what criteria would be utilized, but Department representatives have previously indicated that it might be based upon the eligibility of certain federal programs (i.e., Title IV-E and IV-B, Subpart 2—approximately 70 tribes) that are not available to all tribes. Nonetheless, it is clear that not all tribes will be allowed to provide the services and protections of this important program to their children.

This sends a confusing message regarding how Indian children who are abused and neglected will be provided foster care services in an equitable and comprehensive fashion.

As we understand the proposal, tribes would have only two years to decide to administer the IV-E program. That in and of itself would severely limit tribal participation. IV-E is a complicated program and many tribes may require more lead time. As tribes have watched states operate the IV-E program and seen first hand the issues they face in trying to manage this program effectively, many tribal governments may not want to jump into a program without first assessing their readiness and having time to make adjustments needed to successfully operate the program. Unfortunately, the Administration's proposal would likely severely limit tribal participation and ask tribes to hurry decisions that should be made more carefully.

The Funding Baseline Is Too Low. We feel the Department's \$30 million cap for tribal IV-E programs is too low. We do not know how the Department arrived at that figure. The most recent CBO score on tribal IV-E legislation (S. 667, which is included in the Senate Finance Committee-approved welfare reform bill) estimates \$66 million after the program has been available to tribes for a number of years. Tribal governments have not been afforded the opportunity to operate the Title IV-E program and therefore have not been able to establish historical data on their needs or trends in relation to foster care. The best option is to allow tribes to administer the program on an open ended entitlement basis; after 10 years, we would see what a reasonable baseline would be. We expect that tribes will come gradually into the IV-E program, just as they have into the TANF program.

Tribes Left Out of Adoption Assistance. The Administration's proposal does not include tribal eligibility for the Adoption Assistance Program. We find this puzzling given the high priority the Department places on adoption. There is no reason why tribes should not be eligible to administer this portion of the IV-E program.

Capping the Program Could Harm Tribal-State Agreements. We are very concerned that capping the funding for the IV-E program will be a disincentive for states to enter into future IV-E agreements with tribes, and some states may not want to renew existing agreements. There are and will be cases where a tribe finds that a tribal-state IV-E agreement is the better route for them than direct administration of the program.

Conclusion

Our best recommendation is for the Administration to re-evaluate their communication and decision-making strategy with regards to the tribal portions of their proposal. By more effectively utilizing their tribal governmental consultation policies, we think a meaningful dialogue can be established that can lead to better services for all AI/AN children. We continue to be in communication with Subcommittee staff about various Title IV-E Foster Care and Adoption Assistance Act proposals and look forward to continuing this dialogue. We are hopeful that there will finally be the political will in Congress to end the discriminatory treatment of vulnerable Indian children and look forward to assisting you in this endeavor.

Statement of Seth Nichols, Podesta Mattoon

Under current law, *private* non-profit and for-profit child care institutions of any size are eligible for foster care maintenance payments regardless of accreditation. However, public child care institutions with more than 25 children are not eligible, even if they are accredited. This poses a problem for public institutions that house more than 25 children but, no more than 12 children per building on one campus. The requirement of separate budgets and separate on-sight management of each building is not a viable option for these institutions due to cost and personnel constraints.

While it is understood that the Federal Government does not want a return to the public orphanage system of days past, please explain why this requirement of separate budgets and separate on-sight management exists?

Statement of Cheryl Renee Reese, Round Rock, Texas

In fiscal year 2004, the Federal Government provided more than \$7 billion in dedicated funds for child protection. The bulk of these funds—almost \$5 billion—supported children who had been removed from their homes and placed in temporary foster care.

It is amazing that throughout the some odd 50 years no one has thought about the children at all. This 5 billion dollars would have better served the state if family members would be considered for payment instead of strangers. When you have family members that want to help but, budget shortfalls will not allow them to without some assistance from the state. The state will chose a non-family member, possibly a crowded home with violations and or drugs for the child to go on in this home. Not once thinking if it is necessary for this child to be on drugs in the system maybe some assistance to the parents could have prevented this child from being removed in the first place. I am not suggesting that the state put children on drugs as a method of helping them. I am just saying how best can the state help the family before removing children.

I myself have assisted three foster children who are my nieces and nephew, by giving them a place to live and grow up. There was no assistance provided or even mentioned. There have been other family members taking in family children in order to get them out of the system and with family. Initially we asked for daycare assistance because it was not in our budget. We were denied because we made too much money. There was no consideration that our money may have been allocated in other directions and we needed a little assistance until we could adjust or budget to include daycare. Not to mention clothing and food and extra gas. After 13 years of no assistance we don't even try to get it anymore. While trying to get the children out of the system they were cared for worse than the mother was providing for them. Their clothing didn't match nor was their hair taken care of, it was uncombed and matted, we had to cut and treat for months.

My nephew was medicated by the system because they said he was hyper. His mother abandoned him because she said he needed to be fixed. He did not need to be medicated and he asked at 10 years old if he had to continue to take the slow down medicine. He said it made everything go in slow motion. He was prescribed redalen for his hyperness.

In March of this year there was a report done by 60 minuets about grandparents having to take in their grandchildren. While this is not new, it has been ignored for many years. These grandparents are on fixed income but, still want to try to keep the family together. This is just another example of the unavailability of assistance. These people need your help to keep these children from going into a different system when they are older.

Below are just a few of the things I saw that need to be addressed by the committee. Please take a look at them.

Goals of Child Protective Services:

Remove the children as a last resort, not first then investigate.

Determine what imminent dangered really means for CPS.

What service can CPS provide to assist the parents 1st before removing the child.

Qualify immediate family members to assist with children before putting in non-family member home.

Give assistance by way of clothing, food and daycare stipends.

Plan for returning children be an attainable plan.
 If children are removed, their care should be better than what the parents were doing.
 Hair care is not considered cosmetic, this should fall under regular care of child.
 Keep the children drug free while in the system, If they were not on drug while at home why are we medicating in the system?

Statement of Frank Richards, Hillsborough, California

Thank you for providing an opportunity for input on this important issue. Although I am sending this as a private citizen, it is my experience with Foster Care from the vantage point of a former administrator of a Child Support program that makes me aware of this issue. I held the position of Deputy Associate Commissioner of Child Support Enforcement Services in New York City from 1998 to 2004. I should note that this input reflects my personal view only.

If the Committee is looking at funding for the Foster Care effort, and is seeking consistency across the States, I would urge the members to look at the issue of child support collections made on behalf of children in Foster Care. Having worked for child support agencies in New Hampshire and New York, my experience can hardly be claimed to be national, but I do believe that the problems inherent (in collecting support from parents whose children are in Foster Care) are common; collection rates are low and the rates of reimbursement (to the Foster Care programs) are relatively low nationally.

My recommendations fall into two basic areas: the first being ways to improve the collection rates, which would lower the cost to the states and to the Federal Government for administering the program; the second a means of sharing the collections with the children, particularly older children, while they are in placement, or in the all too common instances when older children are emancipated into adulthood directly from Foster Care. Collections could be used as "allowance" (to help maintain ties between children and parents, and to improve life in Foster Care), and to provide individuals with a nest egg that may assist them in their all too often failed efforts to become fully functional, independent members of society in the event they remain in Foster Care until adulthood.

In the first instance, child support regulations regarding Child Support and Foster Care need to be both simplified and fortified. Existing federal requirements do allow for coordination between Foster Care and Child support programs, but I believe the relationship is tenuous. Child support program requirements technically insist that support be sought from both "absent" parents (which is sometimes appropriate), even when child welfare workers are working to reunite children with their families (often a single parent). There are certainly times when taking court actions against parents in the early, often delicate stages of intervention are inappropriate (at least in my view). I believe, honestly, that if child support workers and foster care workers were better able to share the same basic mission (of serving the true needs of the children), that Congress would make it easier for caseworkers to place child support activities against one or both parents "on hold". (This can be done but the process is cumbersome).

If done correctly, child support matters could be considered in the initial hearings, or instructions regarding support could be included in the order separating children from the parents. This would clarify the intent of the court and provide a clear direction for both agencies to work from.

In return for this heightened sensitivity, I would at the same time seek increased and improved cooperation. If the funds (or potential funds) from collections are truly seen by Foster Care workers as something that will benefit the child directly—then I believe the two programs can and would work in better concert, and that overall collections would increase. This would be aided by better information sharing between the two programs, and perhaps improved automated interfaces. If the efforts on the part of both agencies/programs could be focused on the cases where the court has ordered support from the onset (which should happen in any/all "voluntary" placements) or on taking only taking a parent or parents back to court for child support when it is truly appropriate (thus spending less time documenting why nothing was done) then I truly believe revenue would increase. While not all Foster Care cases are IV-D, clarifying program requirements and laws regarding support and Foster care would go a long way.

Better define when child support actions should be taken and against whom.

- Short-term "protective actions" should be avoided.

- Parents who will be reunited (or where the plan calls for it) within a year perhaps, should be avoided.
- Parents who are able to pay and have place children into Foster Care “voluntarily” should have child support actions included in the initial court actions.
- Whenever Foster Care workers identify child support as an important asset to the child and/or family, child support against any truly absent parent should be initiated in early court proceedings, with child support agencies and foster care agencies working in concert. Paying support may be an excellent way for a parent who desperately wants a child “back”, or who might want to gain custody to “prove” responsibility.

The main issue here is, for support enforcement and Foster Care, to better define a common mission for Foster Care cases, to avoid multiple case hearings and fruitless documentation—the result will be increased assets made available to the program. In my view this should be used in two ways: to reduce Foster Care expenditures, but also to make better investment in the children themselves.

This brings me to my second main point. Currently, mostly to promote cooperation from TANF case heads, child support regulations allow a “pass-through” of child support benefits directly to the families. This does serve to provide motivation for cooperation in court, and helps provide agencies with information, but it also increases the financial resources of very low-income households, and it may document the presence of other resources for the children—an absent parent who pays support.

Foster Care has no provisions for pass-through. While it makes no sense for a parent to in essence be paying pass-through to themselves, provisions for allowance to the children in placement certainly makes sense. Particularly for older children this could be important. In my view regulators should look carefully at the all too large population of children that leave Foster care at age 18 or 21; many either never “leave the system,” or end up back on it, or worse in prison. If during the course of their placement in Foster Care, some or possibly all of the child support received on their behalf was held in escrow, decisions could be made over the course of their case histories as to how this asset should be applied.

- The support collected on behalf of young children whether or not they return to a parent or parents should certainly be used to offset government expense (in many if not most cases);
- Children in care with a parent paying support should be granted some sort of allowance;
- Children whose parents have paid support should NOT be allowed to be dropped from the system at “adulthood” without providing them with something of a “nest-egg”—for schooling, getting settled, whatever. This could reduce long-term expenses in many programs.

I honestly believe that if the right decisions are made both objectives could be met. Children could better served with less overall government expense if these programs were better coordinated.

If there are any questions I would be pleased to respond.

Statement of Daniel Allen Roberts, Dunnellon, Florida

This is in response to the issue of the Funds that are distributed to the States. These funds primarily come from the The MONDALE Child Abuse Prevention and Treatment Act of 1974 (CAPTA—Public Law 93–247). While this law title sounds as if it is a valid area of concern and proper law, it has been the incentive of improperly incarcerating Children into foster care, and adopted out and away from non offending parents each and every year. As it is, the money also provided to Foster Care and to the Offices responsible for placing them, not only railroads children from innocent parents who are low income and cannot afford legal help, but due to the sheer volume of children, places the children in danger as just about anybody is sought out to house these children. In the efforts to also find children to fill these statistics, CPS (Child Protective Services) Agents have been known to violate the 4th Amendment, 5th Amendment, 6th Amendment and 14th Amendment of our U.S. Constitution on a regular basis. The police also wrongly think the CPS Agencies are not subject to these Amendments, and enforce illegal investigations, impossible to do case plans all for the sake of getting the children removed from the home for the monetary incentives. They also target children who are disabled to secure Title IV–E funds from Social Security. To also prove this money that is paid out clogs the Foster Care System to the point of children being abused and killed in

Foster Care far more than if they were left at home is here: Number of Cases per 100,000 children in the United States. These numbers come from The National Center on Child Abuse in Washington. CPS—Physical Abuse (160) Sexual Abuse (112) Neglect (410) Medical Neglect (14) Fatalities (6.4) Parents—Physical Abuse (59) Sexual Abuse (13) Neglect (241) Medical Neglect (12) Fatalities (1.5) As you can see, children are abused far more in care than at home. The calculated average is for every 1 abused child removed from an abusive home, there are 17 unabused children removed from loving non-offending homes nationwide. Please remove the Motive for the States to process Children in huge quantities from non offending parents by ending totally this funding. It's imperative we take the profit out of destroying good families away from the states and CPS. Sincerely, Mr Daniel A. Roberts & Family care, and adopted.

Statement of Denise Turbeville Barker, South Carolina Children's Foster Care Review Boards, Columbia, South Carolina

As the Subcommittee on Human Resources evaluates the financing for public foster care administered through Title IV-E, I would like to re-emphasize the role of state citizen foster care review board programs in ensuring the safety, permanence and well-being of children placed in the foster care system. South Carolina is one of several states with citizen foster care review board programs who contract with their state child welfare agencies for Title IV-E funding to fulfill the mandate for independent, third party review required by Title IV-E. We seek continued support for this funding from your subcommittee in order to ensure that state citizen foster care review programs are recognized for their ongoing efforts to provide programmatic data and targeted recommendations for improvement to their state child welfare agencies about their foster care programs. If there are expanded evaluative services we could provide that would be helpful to you in your review of the foster care program, we would be happy to participate in discussions around that possibility.

In 1974, South Carolina was the first state to implement a citizen foster care review program. Thirty years later, our program remains strong and citizen review influences program and policy in 23 other states patterned after South Carolina's original model. Our small coalition has been a leading voice in foster care review issues around the country. We have previously sought funding from your committee to support this national network (NAFCR) in order to unify and expand efforts started by state grassroots organizations who invest so much to secure permanent homes for children in foster care.

The SC Foster Care Review Board program was an active participant in the Child and Family Service Review conducted in South Carolina. Points targeted in South Carolina's Program Improvement Plan (PIP) have now been incorporated into the data tracked by local foster care review boards and we will provide a check and balance on time lines and outcomes required by South Carolina's PIP. Recommendations made in the 2003-2004 South Carolina Foster Care Review Board Annual Report are based on Review Board data related to violations of Public Law 96-272, violations of Title IV-E requirements, South Carolina law, and other specifications of the South Carolina PIP. A full copy of this report is available on our website: www.govoepp.state.sc.us/children/foster.htm.

Looking back, I can say with confidence that without the influence of citizen review programs, these positive changes in the child welfare system would not have occurred:

- The passage of Public Law 96-272 in 1980—This landmark legislation, with its requirement for periodic review of children in foster care, would not have happened without the invaluable information provided by the determined citizen foster care review organizations in existence at that time;
- Development and passage of model termination of parental rights statues across the country that have enabled the adoption of thousands of children in foster care;
- A continued focus on the need for permanence for all children in the foster care system—Child welfare agencies continue to be overburdened and without the vigilant oversight provided by boards of citizen advocates, the system might easily revert to an "emergency management" mode that traps children in the foster care system indefinitely with no hope of a positive future with a permanent family—in SC we would not have seen a decrease in the length of time children spend in foster care;

Citizen volunteers serving on local foster care review boards have penetrated the veil of confidentiality that prior to 1974, shielded the foster care system from public scrutiny and accountability—This well-trained, informed and growing population of volunteers in each local community have done more to advance the importance of child abuse prevention, adoption and community responsibility for system change, than any other volunteer movement in this country—we have just done it quietly and at the local level.

These are just a few examples of how trained and dedicated volunteers can move and improve the system. I have worked with the citizen review program in South Carolina for the past twenty-five years and I **know** citizen foster care review board programs can be invaluable to you as you seek to improve quality assurance assessments for states receiving Title IV–E funding. Funding for third party, external citizen review through Title IV–E is critical if we are to continue and improve the progress made thus far.

Statement of James Roger Brown, The Sociology Center, North Little Rock, Arkansas

Five-year-old Florida foster child Rilya Wilson was kidnapped from State custody in February 2001. Florida officials did not detect the kidnapping for fifteen months. The kidnapping went undetected for two reasons, Rilya Wilson was kidnapped by persons knowledgeable of the inner workings of the child protection system, and Florida Department of Children and Families case file record forms were falsified for fifteen months. Case workers falsely reported Rilya Wilson was in Florida State custody and in good health.

The Rilya Wilson case is not an isolated incident. Falsification of child protection system records is part of a national pattern of organized crime. For one example, Employees of the Florida Department of Children and Families were also implicated in the kidnapping of an Arkansas child that involved falsification of records. In a June 6, 2002, opinion, the Arkansas Supreme Court ruled that an infant Arkansas citizen had been illegally transferred to Florida State custody in what was essentially an interstate criminal conspiracy to seize and transport children in complete disregard of State and Federal law. (See Arkansas Department of Human Services v. Cox, Supreme Court of Arkansas No. 01–1021, 349ark, issue 3, sc 9, 6 June 2002 <http://courts.state.ar.us/opinions/2002a/20020606/01–1021.wpd>)

The Rilya Wilson case is merely the tip of a criminal iceberg. Beginning about 1973, criminal elements in the mental health and social work professions began cooperating to construct a nationwide organized criminal bureaucracy to exploit children and implement a shared political agenda behind the legislated secrecy of the child protection, juvenile justice, and mental health systems. (For details see EVIDENCE BOOK SUBMITTED TO CONGRESS link on page 9.) The current result is a nationwide organized criminal operation integrated across the child protection, mental health and social work systems that uses everything from sophisticated science fraud-based “evaluation” instruments structured to produce false positives (see EVIDENCE BOOK) to third-party State service contracts written to sustain a system of structural corruption in which State employees and contract service providers *must* falsify records and testimony or they will not continue to be employed or paid.

To maintain their existence, organized criminal operations such as these are no different from other bureaucracies that must construct policies, methods, and procedures necessary to sustain daily operations. The only special adaptation required to run criminal operations in government and quasi-government agencies is that organized crime bureaucracy policies, methods, and procedures must be integrated into the policies, methods and procedures of the umbrella agency or program and not be detected as criminal processes.

The existence of organized crime in the child protection system in any given State is not that difficult to detect. Prominent among the indicators (see EVIDENCE BOOK) are:

1. Systematic, consistent falsification of child protection agency records and testimony, contract mental health evaluations and testimony, and social work intervention records and testimony;
2. The annual number of “founded” child abuse allegations can be predicted from the number of conditional federal grant and reimbursement salary fund dollars needed to balance the State child protection agency payroll (the number of children taken into State custody each year will be the number sufficient to generate the federal fund claims necessary to balance the agency payroll); and

3. Third-party contracts to file State child protection agency federal fund claims will contain provisions that only compensate the contractor for *increases* in federal funds paid to the State over and above the amount paid in the previous contract for such claim filing services.

Inserting a contract provision that links a federal fund claims contractor's compensation to increasing annual federal fund dollars generated over the previous contract period is a classic example of structural corruption. If the contractor fails to increase paid federal fund claims for a specified time period (usually quarterly), their contract can be cancelled. The end result is a system in which everyone stays employed only if the annual number of founded child abuse cases always increases and never decreases, or annual paid federal fund claims increases and never decreases. An important byproduct of this criminal process for exploiting children, *independent of the true child abuse rate*, is the blind political support for the criminal operations generated by the constant flow of conditional federal funds into the respective State's economy. In the Rilya Wilson case, even the Foster Mother continued to receive and accept payments for the care of Rilya over a year after the child disappeared. Caseworkers reportedly told her to take the money.

An ironic twist is that this corrupt modern child slave trade system is another example of history repeating itself. A criminal bureaucracy previously developed and operated in the Swiss social welfare system from about 1850 to 1950 under the same pretext of protecting children from alleged inadequacies of their parents. The Swiss *Verdingkinder* system is described in Peter Neumann's documentary film "*Verdingkinder*" and Marco Leuenberger's Thesis, "*Verdingkinder. Geschichte der armenrechtlichen Kinderfürsorge im Kanton Bern 1847-1945*, 211 S., 1991." (An internet search using the term "*Verdingkinder*" will produce links to some English language articles.)

The Swiss "*Verdingkinder*" and United States child slave trade systems have the following social processes in common:

1. Poor families are required to register with the Government. (U.S. Public Assistance, Welfare, Medicaid, Medicare and numerous other special programs.)
2. Once registered with the Government, Parents are subjected to ongoing monitoring to determine if "the best interest of the child" is served by removing the child from the home and placing the child in State "protective" custody.
3. Children who age out of the system are not intellectually and emotionally prepared for adult life, especially marital relationships.
4. Decisions about the "best interest of the child" are made by Government employees using vague subjective criteria and State or personal economic interest.
5. Children are auctioned off or distributed under government sanction. (U.S. Child Protection Agencies post pictures of children held for adoption on the internet, and foster parents are enticed with additional household income generated by foster child "support" payments.)
6. Children are physically abused, starved, and malnourished by State and foster custodians.
7. Children are sexually abused by State and foster custodians.
8. Children are murdered by State and foster custodians.
9. Children are economically exploited. (In the Swiss system by the middlemen, farmers and businesses using the child slave labor; In the U.S. system by State employees who wrongfully seize children for federal funds to meet the agency payroll; by psychiatrists, psychologists and social workers filing fraudulent insurance claims; by crime victim therapy service providers filing claims for nonexistent or fictitious child abuse crime victims; and by attorneys, prosecutors, child abuse investigators, juvenile court judges, and civil court judges who exploit false child abuse allegations to sustain their income, power or prestige.)
10. Criminal activity is concealed through falsified records, incomplete records and failure to keep records.
11. Government agencies pay fees and subsidies to State and foster custodians who physically abuse, murder, sexually abuse and economically exploit children.
12. Law enforcement agencies ignore or cover up criminal acts against children by State and foster custodians.
13. When prosecutions do occur for crimes against *Verdingkinder* or foster children, the punishment is minor compared to the crime.
14. The operation intended to benefit poor families and children becomes an organized criminal enterprise that economically, physically, and sexually exploits children.

15. Government officials and media not directly involved in the criminal activity refuse to believe that a child slave trade could develop in a civilized nation like Switzerland or the United States.
16. The economic exploitation of children in the Swiss *Verdingkinder* system coincidentally did not end until machinery was developed that provided a cheaper means of farm and factory production than child slave labor. The United States child exploitation system will not end without intervention unless States find easier methods of obtaining federal fund revenues equal to the amount currently generated by taking children into State "protective" custody.
17. Both the Swiss and United States child slave trade systems expanded and operated outside of Government control. (The private purchasing and sale of children in the U.S. are conducted by private child brokers and child adoption attorneys.)

Relevant insights can also be extracted from parallels in the embarrassment of the Bush Administration over numerous ignored warnings that Osama bin Laden planned to hijack planes and fly them into buildings, and the embarrassment of Florida Officials having to explain fifteen months of falsified child protection records, sworn court testimony that Rilya Wilson was in Florida State custody and doing fine, and falsified federal fund claims for services delivered to a child who may have been dead the entire time. After the collapse of the World Trade Center, both the American Public and terrorists worldwide now know the United States is vulnerable to attack, due in large part to corruption, incompetence and mismanagement in intelligence and law enforcement agencies.

As a consequence of the Rilya Wilson case in Florida, the Public and every child molester, pornographer and other criminals who need children for their misdeeds know that the corruption, incompetence and mismanagement in the child protection system can be exploited as cover to acquire children for their own illicit purposes. What happened to Rilya Wilson in Florida can, does, and will happen in any State where the current organized criminal exploitation of children is allowed to continue. Sooner or later other criminals are going to become sufficiently aware of the mechanisms the current child protection system organized criminals use to manage their criminal bureaucracy, that child molesters, pornographers, pimps, and drug smugglers will also be able to exploit the system, as were the people who reportedly kidnapped Rilya Wilson and returned a week later to collect her clothes. This was the behavior of persons who believed they had no reason to fear being held accountable for kidnapping or any other criminal offense.

Among the obvious criminal opportunities is obtaining information about the illicit activity (falsifying federal claims, official reports, insurance claims, etc.) of individual State employees or licensed professionals, such as psychiatrists and psychologists, and blackmailing or otherwise compelling them to allow access to children for criminal exploitation or perversion.

Of major importance to prosecutors is that the systematic falsification of records by child protection system crime participants in psychiatry, psychology, social work and child abuse investigation units, results in the systematic falsification of evidence used in child-related criminal and civil judicial proceedings. (See EVIDENCE BOOK.) It may be tempting for police and prosecutors not to look too closely at experts and evidence which make convictions easier, but relying on criminals who protect themselves by providing tainted essential services and corrupted evidence to the people who should be arresting and prosecuting them is a house of cards that will collapse locally or nationally at some point. We have contemporary examples of chaos created by the falsification of evidence in the Los Angeles Police Department, and the newly-documented error rate in death row convictions. Several decades of both Los Angeles and death row cases have to be reviewed and readjudicated.

When the disastrous consequences of entering the fourth decade of organized criminal administration of the child protection system are finally disclosed, State Governments and the Federal Government face having to remedy the chaos and carnage caused by malicious prosecutions, false child abuse allegations and convictions, falsified adoptions, bankrupted families, damaged children and adult lives, and the children stolen by State employees and diverted into prostitution and other criminal activities.

In addition to the Swiss *Verdingkinder* scandal, at least one other historical precedent exists with several parallels to the manner in which the United States child protection system currently engages in the now-documented systematic abuse and atrocities with the tacit approval of State Officials and Federal Agencies and Officials.

From 1976 to 1983, the government of Argentina under the control of a military junta conducted a "Dirty War" against anyone perceived as "leftist." Just as with child protection agencies, the Argentine Military Junta went after anyone who criticized either the way it operated or its policies. Most of the same types of people targeted by the Military Junta are likewise targeted by child protection agency organized crime managers: the poor, critics of the system, social activists, people who resist personal intimidation and the abuse of fellow citizens, and people who ask too many questions.

In Argentina, thousands of individuals and entire families were rounded up and executed by being beaten to death, shot in the back of the head, or sedated and thrown alive from an airplane over the open ocean. Concurrently, the Argentine Military Junta maintained a list of soldiers wanting children. Pregnant women taken into custody were kept alive until their babies were born, then executed. Infant children of the pregnant women and murdered families were distributed among the soldiers who killed them. [Criminal investigations and prosecutions of Argentine soldiers involved in the atrocities are still going on.] (See <http://www.yendor.com/vanished/junta/caraballo.html> and http://seattletimes.nwsourc.com/html/nationworld/2001960898_argentina21.html.)

On October 7, 1976, United States Secretary of State Henry Kissinger met with Argentina's Foreign Minister Admiral Cesar Augusto Guzzetti. At the time of this meeting, Congress was preparing to approve sanctions against the Argentine Junta because of widespread reports of human rights abuses. Henry Kissinger communicated to Guzzetti United States Government approval of the Junta's use of mass arrests, torture, and mass executions to deal with suspected leftists. According to a declassified transcript of the meeting, Kissinger stated:

"Look, our basic attitude is that we would like you to succeed. I have an old-fashioned view that friends ought to be supported. What is not understood in the United States is that you have a civil war. We read about human rights problems but not the context. The quicker you succeed the better. The human rights problem is a growing one. Your Ambassador can apprise you. We want a stable situation. We won't cause you unnecessary difficulties. If you can finish before Congress gets back, the better. Whatever freedoms you could restore would help." National Intelligence Archives: <http://www.gwu.edu/~nsarchiv/NSAEBB/NSAEBB104/>.

Those working to obtain justice for the victims of abuse and atrocities committed by perpetrators embedded in the United States child protection system should keep Kissinger's words in mind as another parallel. Even with the possibility of Congressional action on the horizon, reform efforts can be undermined by friendship or economic ties between Federal Officials and State-level cronies directly participating in the child protection system organized crime.

Some of the more brutal foster care abuse and death scandals were cases in which children taken into State custody were placed in the homes of case workers in violation of regulations prohibiting it. In some cases the abuse and deaths occurred in the homes of the very case workers who had seized the children. (See EVIDENCE BOOK.)

One disturbing parallel is that for Argentina's Military Junta *and* for the United States child protection system, proof of guilt is not a requirement to be placed under government control; *allegation* or *suspicion* of guilt alone is sufficient. In both systems, whether you die or survive the process, the life you had before is completely destroyed and you are tainted for the rest of your life by the mere fact of an allegation or suspicion.

Unless something is done to shut down the organized criminal activity in every State in which it currently exists, Rilya Wilson is not going to be the last horror story to capture national attention. Similar incidents in the future will continue to ruin careers as the Rilya Wilson kidnapping did in Florida. People will end up in prison for crimes far more severe than falsifying a few reports to obtain federal funds for their State, or filing fraudulent insurance claims. Prosecutors, Legislators, and other State officials who thought they were benefitting their State by ignoring criminal acts in the child protection system which bring federal fund dollars into the State's economy may end up having to face situations far uglier than they ever thought.

Former Arkansas State Senator Nick Wilson was sentenced to federal prison for his sponsorship of and participation in one such legislated criminal enterprise to exploit children. Several Arkansas attorneys involved in this scam lost their licenses to practice law.

During the 2001 Arkansas Legislative Session, Senate Bill 860, drafted by Arkansas Department of Human Services employees, was discovered to contain provisions that would have required employees to lie about records and facts, even if subpoe-

naed. The bill was withdrawn once the Legislator duped into being the primary sponsor was made aware of its contents.

An Austin, Texas, DHS Supervisor committed suicide after being arrested for operating a foster child prostitution ring from his office computer. Also, the Texas Comptroller has issued a report on the exploitation and abuse of children in State custody, including some who were forced to live outdoors in tents year-round. (See CHILD SLAVE TRADE PAGE link below.)

Congress is now in the preliminary phase of possibly holding hearings on corruption in the child protection system. Public hearings on the abuse of children and parents involved in the child protection system have been held in at least two States. Reforming the child protection system is currently part of the platform of candidates who are running for public office in at least three States.

For information regarding the status of a possible Congressional Investigation of the child protection system, contact local United States Representatives and Senators.

The handwriting may or may not be on the wall now, but child protection system criminals will continue to push the envelope on everything they can get away with until they are stopped and prosecuted. The important issue is how much *more* obvious, sophisticated, brutal and embarrassing organized crime in the child protection system will be allowed to become before it is addressed—and stopped.

While the current state of knowledge about interlinked organized crime in the child protection, mental health, and social work systems paints a dismal picture, it also reveals practical solutions to the problem of how to arrest and prosecute participants in this organized crime bureaucracy. Information publicly available now makes it possible to catalogue the criminal acts used to sustain the child protection system organized crime bureaucracy. These criminal acts include but are not limited to:

1. Murder;
2. Manslaughter;
3. Kidnapping;
4. Conspiracy;
5. Blackmail;
6. Terroristic threatening;
7. Witness tampering;
8. Evidence tampering;
9. Perjury;
10. Fraud;
 - a. Medicaid
 - b. Medicare
 - c. Federal grant and reimbursement programs
 - d. Insurance claims
 - e. Crime victim reparation claims
 - f. Psychological testing results
 - g. Psychological diagnoses
11. Tampering with government records;
12. Falsifying government records;
13. Deceptive and unconscionable trade practices by psychiatric, psychological and social work practitioners operating as public businesses;
14. Emotional, mental and physical child abuse;
15. Racketeering;
16. Human trafficking;
17. Production and possession of child pornography;
18. Child prostitution; and
19. Organized crime generated child abuse statistics collected from States and reported to Congress and the public violate the Federal Data Quality Act.

One simple achievable remedy would be the establishment of a special organized crime task force in each State specifically targeting interlinked organized crime in the child protection, mental health, and social work systems. Associated with this crime control effort would be the enactment of legislation prohibiting science fraud-based insurance claims and the establishment of science fraud detection protocols within State insurance fraud divisions. Currently, no State or Federal Code exists prohibiting the use of science fraud for illicit purposes. Governors facing State budget deficit crises could find this approach a useful tool for shutting down corrupt agencies and programs with minimum political backlash. What special interest group could publicly protest an effort to shut down organized crime in the child protection, mental health, and social work systems without raising questions about their own motives and credibility?

Creating an organized crime task force to go after criminals in the child protection, mental health, and social work systems, and establishing science fraud detection protocols to control fraudulent psychiatric, psychological, and social work service provider insurance claims are attainable goals for those individuals and groups seeking to end the current atrocities committed in the name of child protection. Objections that sovereign immunity applies to state employees and expert witness immunity applies to the testimony of mental health and social work practitioners are not valid in many States when gross negligence, gross incompetence, or acting with malice are present.

To provide additional and future updated information on the criminal exploitation of children in the child protection, mental health, and social work systems, a page on THE SOCIOLOGY CENTER web site has been dedicated to monitoring the child slave trade in the United States. The Child Slave Trade Page currently contains information on how to contact the FBI Human Trafficking Task Force; downloadable PDF format copies of some evidence books submitted to Congress (including mine); child protection system criminal intelligence; links to support organizations and other information. In the hope this National Advisory will alert the public to the organized criminal threat to families concealed behind the veil of child protection system secrecy and help prevent any repeats of the Rilya Wilson horror story, I draw the following material to your attention:

1. The Child Slave Trade Page at <http://www.thesociologycenter.com/slavetrade.html>.
2. EVIDENCE BOOK SUBMITTED TO CONGRESS: *The Compendium of Documentation of Organized Crime Methods and Procedures Integrated into State and Federal Agencies for the Purpose of Political and Economic Exploitation of Children and Families Through State and Federal Child Protection, Mental Health, and Social Work Systems*. (356 pages summarizing more than ten years research on organized crime methods and procedures in the child protection, mental health and social work systems. File size: 3.6 MB.) at <http://www.thesociologycenter.com/EvidenceBooks/COMPENDIUM.pdf>
3. "Forgotten Children: A Special Report on the Texas Foster Care System" Texas Comptroller, April 2004 <http://www.window.state.tx.us/forgottenchildren/>
4. "UK firm tried HIV drug on [New York] orphans: GlaxoSmithKline embroiled in scandal in which babies and children were allegedly used as 'laboratory animals.'" Antony Barnett in New York, Sunday April 4, 2004, The Observer. <http://www.guardian.co.uk/medicine/story/0,11381,1185360,00.html>

AN OBJECTIVE PROTOCOL FOR ANALYZING EVIDENCE IN CHILD ABUSE ALLEGATION CASES HAS BEEN DEVELOPED BASED UPON DECLASSIFIED CENTRAL INTELLIGENCE ANALYSIS METHODOLOGY. SEE MANUAL AT <http://thesociologycenter.com/HypothesesTestingManual/HypothTestManualFinal.pdf>

ALSO: Two national organizations have been working to obtain Congressional and State level hearings on fraud, corruption, and abuse of power in the child protection, mental health, and social work systems. Contact these organizations for information on their current activities and reports:

Statement of Eric Roy Budwizer, Transitions Incorporated, Boca Raton, Florida

Assistant Secretary for Children and Families Wade Horn testified that there are Weaknesses in the current child welfare financing structure, including complex and inflexible requirements and lack of connection between money spent and Quality of service provided.

Well I agree to that statement. I have been trying to start a pilot model program to complement the services available to emancipated foster youth. The statistics are staggering. This population deserves the attention that other populations of our society receive. It is now 2 years since I organized my public non profit to provide services to the children that age out of the foster care system, and I am still having difficulties receiving funding. The following is a description of my organization. I would appreciate any kind of as-

sistance that could be offered to me. Thank you all for your most generous time, sincerely Eric Roy Budwizer.

Transitions Incorporated

Who we are:

Transitions is a nonprofit organization founded in 2002 to complement the services available to youths who are making the challenging transition from foster care to independent living.

Our Mission:

It is the mission of Transitions to enhance the long-term-self-sufficiency among emancipated foster youth by providing them with the skills, resources, and support to make a successful transition to adulthood.

Our Services:

Transitions pursues its goals through various programs that offer resources, skills training, and support.

Supportive Independent Living Program (SILP)

The objective of the SILP is to provide emancipated foster youth with access to safe, stable, affordable housing, where they have the opportunity to develop and use life skills to achieve long-term-self-sufficiency with support.

Homelessness is the number one problem youths face after discharge from foster care.¹ To address this serious issue, Transitions developed the Supportive Independent Living Program (SILP). The SILP's participants are provided with the necessary resources to help them become self-sufficient-adults living in the community.

The goals of the SILP are accomplished by making available to the participants a micro *loan* up to \$1,500 dollars. This loan is used for the first month's rent and security deposit on an independent rental unit co-signed by Transitions. The participants also receive a stipend of \$200 dollars to get them started with crucial living necessities such as a bed, bedding, kitchen supplies, and bathroom items.

The participants of the SILP are also assisted with a monthly rental subsidy. Here the goal of transitions is to give the participants support in achieving long-term-housing-solutions—not temporary housing. Having the participants pay 30% of their income towards their rent helps to achieve this goal. Overtime, the portion paid by Transitions gradually decreases, and the portion paid by the participants increase. Once the subsidy has terminated, tenancy of the apartment officially transfers over to the participants, and they may remain living in the unit as they wish. Community integration is achieved by having the rental units scattered throughout the community. This “scattered Site” model is affective because it integrates the participants into the community, provides an opportunity to develop independent living skills, and removes the stigma of foster care.

Transitions also provides the participants with an opportunity to acquire various skills needed to live successfully as an adult in the community. Transitions provides the participants with a com-

prehensive curriculum that covers such topics as personal money management, social skills, personal health and hygiene issues, community resources educational goals, and work related issues. This is achieved through Transition's supportive services.

Transitions participants receive a comprehensive network of supportive services to ensure their first experience in independent living is successful. These services average five to seven hours of individual services each week per participant. Discussed at those meetings are steps that the participants are taking to meet their individual goals in the areas of employment, health, education, personal financial management, and personal relationships. This part of the structured services is geared towards the personalized individual and then put into practice through group interactions.

Transitions participants also attend a weekly peer meeting facilitated by a Transitions Life Coach. The purpose of these meetings is to help the participants utilize positive peer support with the skills being acquired through the individual support services. This weekly peer meeting also integrates life-skills training to address the challenges they face in independent living, educational, work, and personal/interpersonal issues.

As a positive reinforcement, participants that attend the weekly peer meeting and pay their rent on time will receive a \$50 dollar food stipend to help them out with their grocery expenses.

Transitions participants also participate in a community-building event. The participants do this each and every month to ensure consistency. These events are selected and planned by the participants, and helps the participants develop a community of peers and other adults. This gives the participants an opportunity to acquire and utilize leadership and organizational skills. It also incorporates a sense of community spirit and belonging. During the event, participants are given an opportunity to interact with people who are in similar circumstances and discuss the day-to-day challenges they face.

The successful participant will be able to sustain self-sufficiency within the community, thus enabling the individual to live in and support the community and be a positive force in the economic, spiritual, and civic pride of that community.

Transitions founder and CEO Eric Roy Budwizer is from Natick Massachusetts. He now resides in Boca Raton Florida. He attended college at Framingham State College and graduated with a Bachelor of Arts Degree in Psychology in 1998. He then continued his studies and earned his Master of Arts Degree in Counseling Psychology in 2001. Eric Roy Budwizer has ten years experience in the field of mental health services. His expertise lies with working with youths in state foster care. He is very dedicated and passionate about his endeavors in providing assistance to this population.¹

**Statement of Matthew E. Melmed, Zero to Three: National Center for
Infants, Toddlers, and Families**

I am pleased to submit the following testimony on federal foster care financing on behalf of ZERO TO THREE. My name is Matthew Melmed. For the last 10 years

¹Department of Health and Human Services, Statistics from the U.S. and Florida, 1999.

I have been the Executive Director of ZERO TO THREE. ZERO TO THREE is a national non-profit organization that has worked to advance the healthy development of America's babies and toddlers for over twenty-five years. Mr. Chairman, I would like to start by thanking you for your ongoing commitment to strengthen our nation's child welfare system. I commend you and the Subcommittee for holding hearings to address the current structure and financing of the foster care system.

The implications of spending time in foster care are particularly important for very young children. We know from the science of early childhood development that infancy and toddlerhood are times of intense intellectual engagement.ⁱ A child's first years set the stage for all that follows. During this time—a remarkable 36 months—the brain undergoes its most dramatic development, and children acquire the ability to think, speak, learn, and reason. In fact, by age three, roughly 85 percent of the brain's core structure is formed.ⁱⁱ Future development in key domains—social, emotional, and cognitive—is based on the experiences and relationships formed during these critical years.

Portrait of Very Young Children in Foster Care

Infants are the fastest growing category of children entering foster care in the United States.ⁱⁱⁱ They comprise the largest cohort of young children in care—accounting for 1 in 5 admissions.^{iv} Twenty-one percent of all children in foster care were admitted prior to their first birthday and 45 percent of all infant placements occurred within 30 days of the child's birth.^v

Once they have been removed from their homes and placed in foster care, infants and toddlers are more likely than older children to be abused and neglected and to stay in foster care longer.^{vi} Half of all babies who enter foster care before they are three months old spend 31 months or longer in placement^{vii} and they are less likely to be reunified with their parents. Thirty-six percent of infants who enter care between birth and three months of age are reunified with their parents compared to 56 percent of infants who enter care at 10–12 months of age.^{viii}

Developmental Impact of Child Abuse and Neglect on Very Young Children

The developmental impact of child abuse and neglect is greatest among the very young. Infants and toddlers are extremely vulnerable to the effects of maltreatment. Its impact on their emotional, developmental and physical health can have life-long implications if not properly addressed. Research shows that young children who have experienced physical abuse have lower social competence, show less empathy, have difficulty recognizing others' emotions, are more likely to be insecurely attached to their parents, and have deficits in IQ scores, language ability, and school performance.^{ix} Without intervention, by the time these children reach school age, they will also likely be at risk for social problems and learning deficits. Compounding the problem, one third of the individuals who were abused and neglected as children can be expected to abuse their own children.^x

According to one longitudinal study, being abused or neglected as a child increased the likelihood of arrest as a juvenile by 59 percent, as an adult by 28 percent, and for a violent crime by 30 percent.^{xi} Abused and neglected children are also more likely to have mental health concerns (suicide attempts and posttraumatic stress disorder); educational problems (extremely low IQ scores and reading ability); occupational difficulties (high rates of unemployment and employment in low-level service jobs); and public health and safety issues (prostitution in males and females

ⁱ Shonkoff, J., & Phillips, D. (Eds.). (2000). *From neurons to neighborhoods: The science of early childhood development*. Washington, DC: National Academy Press.

ⁱⁱ Bruner, C., Goldberg, J. and Kot, V. (1999). The ABC's of early childhood: Trends, information and evidence for use in developing an early childhood system of care and education. A joint publication of Iowa Kids Count and the Iowa Forum for Children and Families.

ⁱⁱⁱ Dicker, S., Gordon, E., Knitzer, J. (2001) *Improving the odds for the healthy development of young children in foster care*. New York: National Center for Children in Poverty.

^{iv} Ibid

^v Wulczyn, F., Hislop, K., & Harden, B (2002). The placement of infants in foster care. *Infant Mental Health Journal*, 23(5), 454–475; Oser, C. & Cohen, J. (2002). *America's babies: The ZERO TO THREE Policy Center data book*. Washington, DC: ZERO TO THREE Press.

^{vi} Wulczyn, F. & Hislop, K. (2002). Babies in foster care: The numbers call for attention. *ZERO TO THREE Journal*, (22) 4, 14–15.

^{vii} Ibid

^{ix} Shonkoff, J., & Phillips, D. (Eds.). (2000). *From neurons to neighborhoods: The science of early childhood development*. Washington, DC: National Academy Press.

^x National Research Council. (1993). *Understanding child abuse and neglect*. p. 223.

^{xi} Widom, C., & Maxfield, M. (2001). *An update on the "Cycle of Violence"*, Research in Brief, Washington, DC: U.S. Department of Justice, Office of Justice Programs, National Institute of Justice.

and alcohol problems in females).^{xii} However, research confirms that the early years present an unparalleled window of opportunity to effectively intervene with at-risk children. And intervening in the early years can lead to significant cost savings over time through reductions in child abuse and neglect, criminal behavior, welfare dependence, and substance abuse. It is critical that child well-being be the first priority in all child welfare cases.

ZERO TO THREE Recommendations

We at ZERO TO THREE are very concerned about the financing of the federal foster care system. Any changes made to strengthen the system must not include a reduction in the federal fiscal resources that are currently available. It is critical that we preserve Title IV–E as an open-ended entitlement and ensure that any flexibility provided to states enables them to invest in the full continuum of services—from preventive services to post permanency services. If states do not have the assurance of the open-ended entitlement, they will not have the option to turn their attention and resources to preventive services. Instead, they may be forced to choose between providing foster care maintenance payments and providing prevention and post permanency services that are key if we hope to reduce the number of children going into foster care. Our recommendations on financing include the following:

- **Maintaining Title IV–E Foster Care Maintenance Payments and Adoption Assistance as open-ended entitlements.** An open-ended entitlement program, Title IV–E is the largest source of federal funding for child welfare, providing 48 percent of all federal funding for child welfare in 2000.^{xiii} Other programs that support child welfare services for the most part are not entitlements and in recent years, funding for these programs has been reduced or held constant. Title IV–E has increased each year because of the growing number of children in need. Title IV–E’s open-ended funding ensures that caseworkers always have the option of removing eligible children from dangerous situations in their homes when other approaches have not worked. This open-ended entitlement is also an assurance for states and allows them to turn their attention and resources to preventive services. Without the assurance of federal funds for foster care maintenance payments, states will not be able to invest in front-end services which enable them to reduce the number of children going into foster care. It is critical that Congress maintain Title IV–E Foster Care Maintenance payments and Adoption Assistance as open-ended entitlements to ensure an ongoing and stable federal commitment to supporting the needs of abused and neglected infants and toddlers.
- **Allowing states to reinvest federal dollars that would have been expended on foster care to prevention and training efforts if states safely reduce the use of foster care maintenance.** Under current law, when states reduce their foster care expenditures, they lose the federal share of savings associated with the reduction. However, keeping a child out of foster care can involve significant investments for states in early intervention, treatment, and support once a child leaves foster care. States should be allowed to reinvest the federal dollars that would have been expended on foster care to prevention and training efforts if states are able to safely reduce the use of foster care maintenance payments. The additional funds would provide an added incentive to states to move away from relying on foster care by allowing them to transfer the federal savings into a broad range of prevention and training efforts to further reduce the need for foster care.^{xiv} States should then be required to match the federal dollars that they transfer to prevention and training efforts.
- **Expanding and designating substantial funding to build early, preventive services and post permanency services to preserve and support families.** The structure of child welfare funding must ensure a continuum of services, beginning with those that can help prevent abuse and neglect and keep families together. Currently such “front-end” services must compete for funding with more crisis-oriented services. Services to preserve and support families are particularly important for families with infants and toddlers who may need extra support in parenting. We know that 40 percent of young children in foster care were born prematurely or with low birthweight, suggesting challenging behaviors for which parents may lack the skills to cope. Reunifica-

^{xii} *Ibid*

^{xiii} Child Welfare League of America. 2004 Children’s Legislative Agenda. Financing Child Welfare Services. Retrieved November 28, 2004 from www.cwla.org/advocacy/2004legagenda01.htm

^{xiv} The Pew Commission on Children in Foster Care, *Fostering the Future: Safety, Permanence and Well-Being for Children in Foster Care*, 2004.

tion or adoption may bring additional challenges for parents. We know that foster children who have returned home to their biological families or have been adopted often exhibit difficult behaviors as well as emotional issues and medical conditions that may impact their development—often due to a history of maltreatment and extended stays in foster care. While the Promoting Safe and Stable Families Program currently requires states to spend “significant portions” of funds for Family Preservation and Family Support programs, this vague standard and the level of funding for the program do not meet the need for supporting families. Greater investment and more direction to states are needed to create a system that begins with preventive and supportive services. Such services may include home visiting services and family support services for families struggling with substance abuse and maternal/paternal depression while the child is in out-of-home care and once the child returns home.

Concerns Beyond Financing

Our concerns about the foster care system extend far beyond how the system is financed. Congress must also focus its attention on the social, emotional and cognitive needs of infants and toddlers in foster care and those who are at-risk of entering care. We must ensure that there is greater awareness among federal and state policymakers, judges, social workers, and parents of the unique needs of very young children in the system and assure that babies and toddlers in out-of-home care have access to the services they need to support their healthy development. Our recommendations include:

Require the Department of Health and Human Services to Promote Greater Awareness of the Unique Needs of Infants and Toddlers and Improve Their Care While in the Child Welfare System:

- **Provide guidelines for states for the care of infants and toddlers in the child welfare system in the Child and Family Service Reviews (CFSRs) including:**
 - **Visitation standards and developmentally appropriate visitation practices for infants and toddlers in out-of-home care.** One of the major challenges faced by young children in foster care is maintaining attachment relationships with their parents. Current visitation practices usually consist of brief encounters that occur anywhere from once a month to once or twice a week. For very young children, infrequent visits are not enough to establish and maintain a healthy parent-child relationship. Infants and toddlers build strong attachments to their biological parents through frequent and extended contact. One month in the life of a baby is an eternity. Parental visitation can and should be looked at strategically. Visits can play an important role in concurrent planning and can be used to assess the parent-child relationship and how the family is progressing. The frequency and success of visits between children and parents can provide a caseworker with evidence for either movement to an alternative plan for the child (i.e. adoption or guardianship) or movement for early reunification. Visits should occur frequently, in a safe setting that is comfortable for both parent and child, and should last long enough for a positive relationship to develop and strengthen. Guidelines should be developed for states on visitation standards and developmentally appropriate visitation practices for infants and toddlers in out of home care. In addition, supports for visitation—training for child welfare workers and foster parents—should be developed since the challenges of seeing and losing a parent during a visit can be so painful for all involved.
 - **Minimizing multiple placements while in out-of-home care.** In the first year of life, babies need to have the opportunity to develop a close, trusting relationship or attachment with one special person. The ability to attach to a significant caretaker is one of the most important emotional milestones a baby needs to achieve in order to become a child who is trusting, confident, and able to regulate his or her own stress and distress. For babies in foster care, forming this secure attachment is difficult. Multiple foster care placements present a host of traumas for very young children. When a baby faces a change in placement, fragile new relationships with foster parents are severed reinforcing feelings of abandonment and distrust. Babies grieve when their relationships are disrupted and this sadness adversely affects their development. All placement decisions should focus on promoting security and continuity for infants and toddlers in out-of-home care. Guidelines should be developed for states on how to minimize multiple placements for infants and toddlers in out of home care. For example, a state may decide to develop specialized foster care homes for infants who come into the child welfare system

or decide to develop a system for tracking the number of moves an infant makes while in foster care. When a change in placement is necessary, child welfare workers and foster parents should receive training and information on how to handle transitions with infants and toddlers.

Provide incentives and adequate funding for states to:

- **Promote timely permanent placements for infants and toddlers in foster care by creating a new permanence incentive that includes reunification with the child's biological family, adoption or guardianship.** States should be provided with a Permanence Incentive to promote timely permanent placements for infants and toddlers in foster care. As previously discussed, when a baby faces a change in placement, fragile new relationships with foster parents are severed reinforcing feelings of abandonment and distrust. Creating a Permanence Incentive would help to ensure babies are placed in a stable foster care arrangement and moved to a permanent placement as quickly as possible whether that move is through reunification with the biological family, adoption or guardianship. Post permanency services should also be made available for families to facilitate the child's successful transition back home.
- **Provide training for child welfare workers and staff of related agencies who work with infants in foster care around the unique needs of infants and toddlers.** There is a wealth of scientific knowledge available about very early child development which can be used to make informed decisions about babies in the child welfare system. However, child welfare workers are overburdened and do not have the time or means to seek the training that would provide them with this scientific knowledge base. Congress should provide grants to states to enable them to develop and provide training for child welfare workers and other staff who work with infants in foster care around the unique needs of infants and toddlers. Staff of related agencies who work with infants in foster care may include mental health specialists, child care providers, Early Head Start teachers and early intervention specialists. Funds are needed not only to support the development of the training but also to provide reprieve for the caseworkers and other agency staff so they can have time off for ongoing training.
- **Improve the courts' ability to address the needs of infants and toddlers through training for juvenile and family court judges and cross-systems approaches to building community capacity to address these cases.** Juvenile and Family Court Judges are uniquely positioned to improve the well-being of infants and toddlers in the child welfare system and to ensure that they are receiving the resources and supports they need to address their special needs. In fact, judges have an opportunity, perhaps the last one for these most vulnerable infants and toddlers, to focus on healing in the process of adjudicating the case.^{xv} A groundbreaking effort has been developed in the Miami-Dade Juvenile Court to address the well-being of infants, toddlers and their families. Three years of data in the Miami-Dade Juvenile Court show substantial gains in improving parental sensitivity, child and parent interaction, and behavioral and emotional parental and child responsiveness. Congress should provide incentives and adequate funding for states to improve the courts' ability to address the needs of infants and toddlers through training for Juvenile and Family Court Judges and cross-system approaches to building community capacity to address these cases.
- **Implement the CAPTA and new IDEA mandate requiring states to develop provisions and procedures for referral of a child under Age 3 involved in a substantiated case of child abuse and neglect to Part C of IDEA.** As states work to implement the CAPTA and IDEA mandate, they face new challenges in trying to ensure that the Part C system is able to respond to these new referrals. Impacts will vary substantially from state to state because of significant differences among states' Part C systems. In some states, very large increases in workload for providers of Part C evaluation, assessment and intervention services are likely as a result of this legislation. In all states, a need to enhance the capacity of the Part C system to respond to social-emotional and behavioral problems (early childhood mental health) is likely. And in most or all states, the cost of responding to this federal mandate will be a problem, given very tight state budgets, unless the Federal Government signifi-

^{xv} Lederman, C., Osofsky, J., & Katz, L. (2001). When the bough breaks the cradle will fall: Promoting the health and well being of infants and toddlers in juvenile court. *Juvenile and Family Court Journal*, (52)4, 33-37.

cantly increases funding for Part C. Congress should provide incentives and adequate funding for states to implement the CAPTA and IDEA mandate.

- **Increase access to early intervention screening and Part C services for infants and toddlers in foster care.** Because of the rapid rate of development in the first three years, developmental screening in early childhood needs to be repeated on a regular basis with infants and toddlers in the child welfare system. These babies have ongoing risk factors that predispose them to developmental delays. We know that different domains of development have key milestones emerging at different times in early childhood. For example, a six-month-old may receive age appropriate scores in motor and speech-language development; however, when that child is 18-months-old and the demands of communication are more sophisticated, that six-month-old may now be a toddler with a significant language delay. And this delay may not be picked up without guidance to foster parents and child welfare workers on the need for early intervention. Congress should provide incentives and adequate funding for states to increase access to early intervention screening and Part C services for infants and toddlers in foster care. They should receive developmental evaluations every 6 months before one year of age and then annually until 3 years of age.
- **Increase access to preventive and treatment services for families in the child welfare system for whom substance abuse is an issue.** Millions of children and families are impacted by the growing epidemic of substance abuse. In fact, an estimated 11 percent of all children live in families where one or more parents abuse alcohol or other drugs.^{xvi} This issue is even more pressing for families in the child welfare system—up to 80 percent of children in the child welfare system are affected by substance abuse.^{xvii} Families need access to a community-based, coordinated system of comprehensive family drug and alcohol treatment. Congress should increase access to prevention and treatment services for families in the child welfare system for whom substance abuse is an issue. Prevention and treatment services should include: prevention and early intervention services for parents at-risk of substance abuse; a range of comprehensive treatment options including home-based, outpatient, and family-oriented residential treatment options; aftercare support for families in recovery; and preventive and early intervention services for children that address their mental, emotional, and developmental needs.

Require state child welfare agencies to:

- **Include in their state plans a description of their approach to addressing the specific needs of infants and toddlers including the items addressed by the department of Health and Human Services Guidelines Regarding Care of Infants and Toddlers in the Child Welfare System.** Infants and toddlers in foster care have needs that are very different than older children. They also move through the child welfare system in ways that are very different than older children—they stay in care longer, they are less likely to be reunified with their parents and they are more likely to be abused and neglected while in foster care. State Child Welfare Agencies should address the unique needs of infants and toddlers in their state plans, with a detailed description of their approach to dealing with issues for babies in foster care such as reducing multiple foster care placements, assuring regular visitation with biological parents, assuring that all infants and toddlers have access to early childhood and family mental health services, addressing the effects of trauma and separation on infants and toddlers, and promoting interventions that can help foster their healthy development across all domains.
- **Establish cross-system commissions on young children in foster care to ensure that they receive comprehensive, developmentally appropriate health care, mental health assessment and access to mental health services, and access to quality early care and learning experiences.**

Children in foster care often have needs that extend beyond the scope of the child welfare agency and receive services from a variety of other agencies such as mental health agencies, health agencies, and early learning programs. If these various agencies that provide services and supports to at-risk children and their families were in close contact, we would be better able to ensure that the children's physical,

^{xvi} Child Welfare League of America. 2004 Children's Legislative Agenda. Substance Abuse, Families and Recovery. Retrieved December 14, 2004 from www.cwla.org/advocacy/2004legagenda14.htm

^{xvii} Child Welfare League of America. 2004 Children's Legislative Agenda. Substance Abuse, Families and Recovery. Retrieved December 14, 2004 from www.cwla.org/advocacy/2004legagenda14.htm

social, emotional and cognitive needs were met. Congress should require that states establish multi-disciplinary commissions on young children in foster care to ensure that they receive comprehensive, developmentally appropriate health care, mental health assessment and access to mental health services, and access to quality early care and learning experiences. These commissions should also provide interdisciplinary cross-system training for case workers, home visitors, foster parents, advocates, child care providers, and early intervention specialists and others who work with children in the child welfare system so that all public programs available for babies, toddlers and their caregivers (i.e. WIC, Early Head Start, Child Care, TANF, Medicaid, Part C, home visitors, Title V Maternal and Child Health, and State Children's Health Insurance) can come together to support early development.

Conclusion

We must ensure that babies and toddlers in the child welfare system are healthy and safe. During the first years of life, children rapidly develop foundational capabilities—cognitive, social, and emotional—on which subsequent development builds. The amazing growth that takes place in the first three years of life creates vulnerability and promise for all children. These years are even more important for maltreated infants and toddlers. We know from the science of early childhood development what infants and toddlers need for healthy social, emotional, and cognitive development. We also know that infants and toddlers in the child welfare system are at great risk for poor outcomes. We must continue to seek support for services and programs that ensure that our nation's youngest and most vulnerable children are healthy and safe.

An effective child welfare financing approach must ensure that states can focus on what is best for individual children rather than pushing them toward one option or another. It is simply unacceptable to wait until the safety of very young children is put at-risk before proper investments are made to address their needs. However, it is unrealistic to think that placement in out of home care will not be the proper course of action for some children. We must therefore provide states with adequate funds to both ensure the safety, permanence and well-being of children in foster care and provide preventive services for those at risk of needing care.

I urge the Subcommittee to at a minimum, maintain the federal fiscal resources that are currently available for children in foster care. We must preserve Title IV-E as an open-ended entitlement and ensure that any flexibility provided to states enables them to invest in the full continuum of services—from preventive services to post permanency services. I also urge the Subcommittee to acknowledge and address the unique needs of our youngest citizens who are in out-of-home care and ensure that they have access to the services and supports they need for healthy social, emotional, and cognitive development.

Thank you for your time and for your commitment to our nation's at-risk infants and toddlers.

