



## TITLE IV-E WAIVERS ARE KEY TO KEEPING KIDS AT HOME

There is a conflict between the outcomes the federal government says it wants and the outcomes it actually spends its money supporting. Ultimately, that conflict needs to be addressed through further federal child welfare financing reform. But until that happens, the federal government should create a new Title IV-E waiver program so states can pilot ways to use dedicated child welfare federal funds to achieve the outcomes the federal government wants.

### Title IV-E Waivers Will Allow States to Use Federal Funds to Fulfill the Federal Mandate of Keeping Kids at Home

Even when there has been abuse or neglect, the federal government wants state child welfare systems to keep children safe in their own homes, if possible.<sup>1</sup> When that's not possible and removal is necessary, the federal government wants state child welfare systems to find relatives the child can live with and provide reunification services so the child can return home as soon as possible.<sup>2</sup> But the federal government does not spend its money supporting these outcomes.

The Urban Institute periodically surveys state child welfare agencies regarding how they finance their child welfare systems, including the use of dedicated federal child welfare funding under Title IV-B and Title IV-E of the Social Security Act. The surveys found that an estimated 6 percent of dedicated federal child welfare spending supports in-home and reunification services while the remaining 94 percent goes to foster care and adoption.<sup>3</sup> The skew in what federal funding supports is primarily because Title IV-E accounts for the vast majority of the dedicated child welfare federal funding<sup>4</sup> and it is limited to supporting foster care and adoption.<sup>5</sup>

Because Title IV-E requires a state match to draw down federal funds, state funding follows a similar pattern. For example, in 2009, the allocation of state funding in Texas for child welfare was 10 percent on in-home and reunification services and 90 percent on foster care and adoption.<sup>6</sup>

Outcomes follow funding. In 2009, more than 1 in 3 victims of child abuse and neglect nationwide who received post-investigation child welfare services were removed, usually into foster care, instead of getting in-home services.<sup>7</sup> And in 17 states, the removal rate was more than 50 percent.<sup>8</sup> Reunification rates were even worse. Nationwide in 2009, only 1 in 5 children in foster care during the year exited to reunification.<sup>9</sup>

If the federal government wants more children in their own homes, it needs to shift its funding streams so states have the resources to provide families with the services they need. A waiver allowing states to use Title IV-E funding for both in-home and reunification services is one way to accomplish this.

Investing in in-home and reunification services can keep more children safe at home. In 2004, Texas had several high profile tragedies with children involved with its child protective services (CPS) system resulting from, among other things, an underfunding of the system. In the following years, the Texas legislature increased funding for the CPS system, focusing a significant amount of additional resources on keeping children safe at home.<sup>10</sup> After making these investments, the percentage of children receiving post-investigation child welfare services who were able to stay safely at home at the outset of a case<sup>11</sup> or reunify after removal<sup>12</sup> increased by almost 10 percent.<sup>13</sup>

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Not only do investments in in-home and reunification services mean more children staying safely at home, these investments also save money. In January 2008, Texas implemented the Strengthening Families program, which helped families in neglect cases where poverty was a significant underlying problem.<sup>14</sup> The program provided cash assistance of up to \$250 to help a family purchase necessities (e.g., groceries, car repair, rent) and up to \$3,000 in funds that could be used to help improve family functioning and child well-being. During the first 20 months of the program, over 1,300 families and more than 4,500 children receiving in-home services participated, receiving about \$2.5 million in payments and services. An evaluation of the program found that it helped keep children safe in their own homes. The removal rate for families in the program was about 30 percent less,<sup>15</sup> meaning that about 248 fewer children than expected were removed.<sup>16</sup>

If the 248 children had been removed and placed into foster care, it would have cost an estimated \$10.7 million in combined federal and state funds for foster care payments alone.<sup>17</sup> As the state spent \$2.5 million on the Strengthening Families program, the program resulted in net savings in both federal and states dollars of an estimated \$8.2 million. Unfortunately, however, due to the revenue crisis in Texas as a consequence of the Great Recession, the program has been eliminated. A Title IV-E waiver could be used to restore it.

A Title IV-E waiver program could also be used to help states redesign their foster care system so that it better supports reunification. Texas is currently in the process of such a redesign.<sup>18</sup> Using a Title IV-E waiver, Texas could use funds to support the redesign's efforts to return children home faster. For example, if Texas could use Title IV-E funding for services to support the family after the child returns home (e.g., family counseling), it could reduce the time the child has to spend in foster care.

#### Any Title IV-E Waiver Program Should Include a Provision for Transforming the Adoption Incentive Award into a Permanency Incentive Award

If a state uses a Title IV-E waiver to keep more children at home, fewer children will be adopted, which could reduce a state's adoption incentive award. Ironically, that means that states that improve their efforts at keeping children at home may end up with less overall federal funding support for their children welfare systems. To ensure this does not happen, if a waiver program is adopted, the federal government should include a provision that would allow an option of transforming the current adoption incentive award into a permanency incentive award. Under this option, the federal government could determine what the expected adoption incentive award for the state would be. But instead of conditioning the award on increasing adoptions, the state would have a target for increasing overall permanency, whether through keeping a child at home, reunification after removal, legal guardianship or adoption. If the state met that target, it would get the award.

#### Conclusion

Allowing states to obtain a waiver to use Title IV-E funds to support in-home and reunification services will let states better align federal child welfare funding with desired outcomes. In doing so, the states and the federal government will save money which can then be reinvested in the child welfare system to improve outcomes even further.

Respectfully submitted,

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The Center for Public Policy Priorities is a nonpartisan, non-profit committed to improving public policy to better the economic and social condition of low- to moderate-income Texans. We pursue this mission to achieve our vision for a BETTER TEXAS™.

<sup>1</sup> Once a state has to intervene in a family to protect a child from abuse or neglect, federal law requires the state to first try in-home services designed to keep the child safe in their own home with the parents retaining legal custody. (42 U.S.C. §671(15)(B)).

<sup>2</sup> When a child is removed, federal law requires that, absent aggravated circumstances, the state provide reunification services to help the parents regain custody. (42 U.S.C. §671(15)(B) and (D)).

<sup>3</sup> An Urban Institute survey of state child welfare agencies found that, of the Title IV-B money states allocated, 57 percent was spent on in-home and reunification services while the remaining 43 percent was spent on adoption and foster care. Bess R. Scarcella CA, Jantz A, Russell V, Geen R. *The Cost of Protecting Vulnerable Children III: What Factors Affect States' Fiscal Decisions*. Urban Institute. 2002. A subsequent survey found that in 2004, Title IV-B and IV-E spending by the states totaled \$6,488 million. Title IV-B spending by states totaled \$639 million. Using the past survey as a guide, we assumed 57 percent of this amount, or \$364 million, was spent on in-home and reunification services with the remainder, or \$275 million, spent on foster care and adoption. Adding the \$275 million to the \$5,849 million in Title IV-E funds for 2004, we got a total of \$6,124 million spent on foster care and adoption which represents 94 percent of all Title IV-B and Title IV-E spending by the states in 2004. Scarcella CA, Bess R, Sielewski EH, Geen R. *The Cost of Protecting Vulnerable Children V: Understanding State Variation in Child Welfare Financing*. Urban Institute. 2006.

<sup>4</sup> The 2004 survey by the Urban Institute of state child welfare funding in 2004 found that, nationwide, states spent \$639 million in Title IV-B funds and \$5,849 million in Title IV-E funds.

<sup>5</sup> 42 U.S.C §670.

<sup>6</sup> DFPS 2012013 Legislative Appropriations Request.

<sup>7</sup> *Child Maltreatment 2009*. Administration of Children, Youth and Families.

<sup>8</sup> *Child Maltreatment 2009*. Administration of Children, Youth and Families.

<sup>9</sup> At the start of federal fiscal year 2008, there were 463,000 children in foster care (*AFCARS Report: Preliminary FY 2008 Estimates*) and during federal fiscal year 2009 another 255,418 entered foster care (*AFCARS Report: Preliminary FY 2009 Estimates*) for a total of 718,418 children in foster care during the year. 140,061 children, or 19.5 percent, exited to reunification during federal fiscal year 2009. (*AFCARS Report: Preliminary FY 2009 Estimates*)

<sup>10</sup> From 2005 to 2009, the number of caseworkers dedicated to supporting families on in-home cases increased by 57 percent (Texas Department of Family and Protective Services (DFPS) databooks), while funding for protective day care that helps keep young children safe in their own homes, substance abuse services, parenting classes and other in-home and reunification services increased by 20 percent (DFPS Operating Budgets and Legislative Appropriations Requests).

<sup>11</sup> Meaning the child was not removed while the family was receiving in-home services.

<sup>12</sup> Reunification includes children who exited state custody to reunification as well as those children who remained in state custody at the end of the fiscal year but who were on a trial home visit.

<sup>13</sup> Comparing 2005 to 2009 using data from DFPS.

<sup>14</sup> *Strengthening Families through Enhanced In-Home Support in Child Protective Services: Status Update*. Texas DFPS. December 2009. At: [http://www.dfps.state.tx.us/documents/about/pdf/2009-12-15\\_SFI\\_Report.pdf](http://www.dfps.state.tx.us/documents/about/pdf/2009-12-15_SFI_Report.pdf).

<sup>15</sup> Using a logistic regression and controlling for differences in risk assessments between the participating families and a comparison group of families who did not participate resulted in an odds ratio of .689. This means that the removal rate for families participating in the program, after controlling for differences in risk, was 31.9 percent lower than the comparison group. The removal rate in the comparison group was 15 percent. Reducing this rate by 31.9 percent gives a removal rate for families participating in the program of 9.6 percent.

<sup>16</sup> A total of 1,312 families participated in the program. The expected removal rate absent participation was 15 percent or 197 families. The removal rate after participation was 9.6 percent or 126 families, or 71 fewer families than expected. The average number of children in families participating in the program was 3.5 children multiplied by 71 families means 248 fewer children than expected were removed.

<sup>17</sup> The average monthly cost of the foster care payment per child in 2008 was \$1,794. (Texas DFPS 2010-11 Legislative Appropriations Request). The average time in state custody for children who left state custody during state fiscal year 2009 was 2 years. (DFPS data). That means that if these children had gone into foster care, they would have been in foster care for an average of 2 years, costing a total of \$10.7 million.

<sup>18</sup> A description of and resources regarding the redesign is available on DFPS' website at: [http://www.dfps.state.tx.us/Child\\_Protection/Foster\\_Care/redesign.asp](http://www.dfps.state.tx.us/Child_Protection/Foster_Care/redesign.asp).