



## FEDERAL FUNDS FOR TEXAS CPS

October 2007

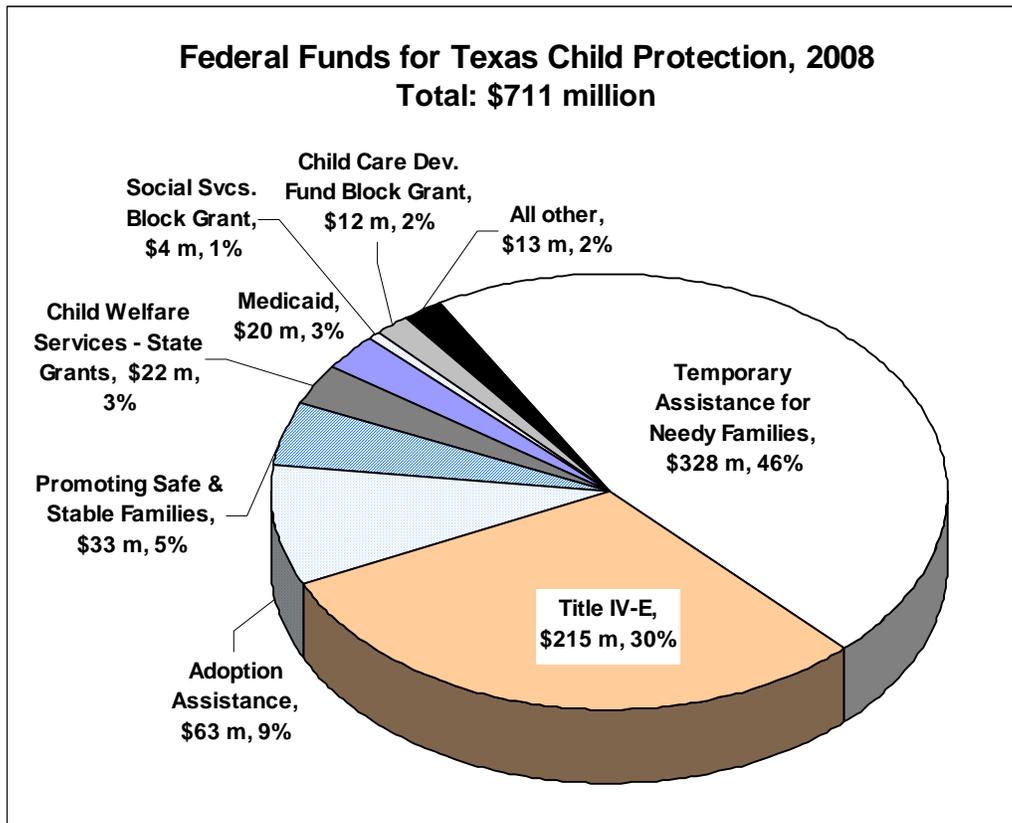
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Texas relies heavily on federal funds to pay for child protection and foster care. This *Policy Brief* describes the major sources of federal funds and their uses. It also discusses recent policy recommendations of the Pew Commission on Children in Foster Care and others to reform federal funding of child protection.

### Use of Federal Funds Compared to Other States

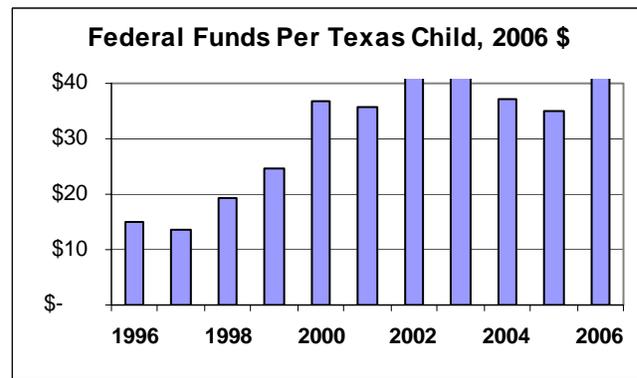
According to the Urban Institute's 2005 Child Welfare Survey, Texas' state/local child protection system ranks fifth highest nationally in its reliance on federal funds. Only Mississippi, North Dakota, Connecticut, and Oregon had a higher percentage of federal funds in their child welfare spending in 2004 than did Texas, at 67 percent; the U.S. average was 50 percent.

The chart below identifies the major federal revenue sources for child protection in Texas, most of which is overseen by the state Department of Family and Protective Services (DFPS). (Child Protective Services [CPS] is a division of DFPS, which also regulates child care providers and provides adult protective services.) The top five sources are then discussed in more detail, with a bar graph indicating how much of those federal funds have been used by Texas on CPS in the last decade, adjusted for inflation and the state's child (under 18) population.



## TANF

Temporary Assistance for Needy Families (TANF), the welfare block grant that replaced Aid to Families with Dependent Children in 1996, is the single largest source of federal funds for child protective services in Texas. This distinguishes Texas from almost all other states, where Title IV-E dollars are by far the largest source of federal child welfare funding.

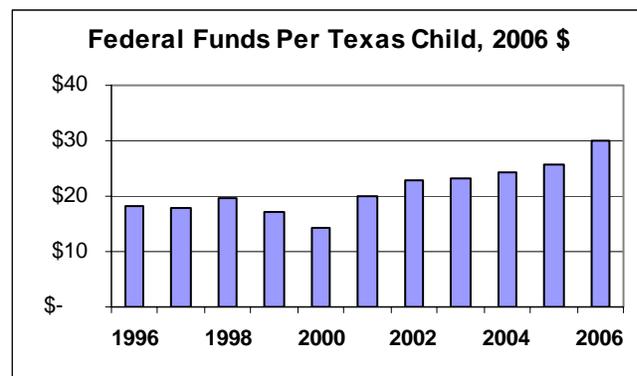


Nationally in 2004, \$2.41 in federal IV-E was spent on child welfare for every \$1 in federal TANF, not counting TANF transferred to the Social Services Block Grant. In Texas, the ratio was 93 cents in IV-E per \$1 in federal TANF. The main reason Texas and a handful of other states (Connecticut, Mississippi and North Carolina) spend more TANF than IV-E on child protection is that IV-E requires a certain commitment of General Revenue or other state funding for every federal dollar spent. TANF, in contrast, is a block grant that only requires states to meet a minimum maintenance of effort somewhere in their social services budgets, not just in CPS spending.

Half of the federal TANF to be used in Texas for CPS in 2008 will pay for direct delivery and other staff (including the cost of employee benefits); about one-third is budgeted for foster care payments. The rest will be used mainly for the Services to At Risk Youth prevention program; purchased services other than substance abuse; and CPS intake and program support.

## Title IV-E Foster Care

For fiscal 2008, Texas has budgeted \$215 million in federal Foster Care Title IV-E (of the Social Security Act) funds for child protection. Of this, \$131 million will be foster care maintenance funds matched at the Medicaid rate (Federal Medical Assistance Percentage, or “FMAP”), which means the federal government will pay 60.53 percent of total costs. All of these maintenance dollars will be spent on foster care payments, except for \$2.6 million budgeted for foster day care and purchased client services.



Not all foster children are eligible for IV-E-funded care. In Texas, the eligibility rules for cash assistance that were in effect in 1993 are used for IV-E foster care income eligibility. Because the income standards are not adjusted for inflation, each year they get lower in real terms. In 2006, 73 percent of the average Texas monthly foster care caseload was IV-E-funded. An age limit (18 years old) is also used in determining IV-E eligibility, unless the child is still trying to graduate from high school or an equivalent vocational or training program, in which case eligibility continues to age 19.

In addition to maintenance funds, \$75 million in federal IV-E funds will be drawn down on a 50 percent match basis in fiscal 2008 for administering the foster care payment system. This is twice the amount of administrative IV-E dollars used in 2005; most of the new funds are being used to fund direct delivery staff. Finally, \$9 million in IV-E funds will be drawn down using a 75 percent federal match for training costs.

Child protection is not the only use of IV-E funds in the Texas budget. In 2006, 72 percent of federal IV-E dollars were spent by the Department of Family and Protective Services, 28 percent were spent by the Juvenile Probation Commission, and 1 percent went to the Texas Youth Commission (juvenile incarceration). Future use of IV-E Foster Care administrative funds by the Juvenile Probation Commission will be limited by Congressional changes made in the 2006 budget reconciliation bill. Other recent changes that will affect Texas' use of administrative IV-E foster care funds involve kinship placements and re-determination every six months of foster care candidacy for certain children at risk of being removed from their homes.

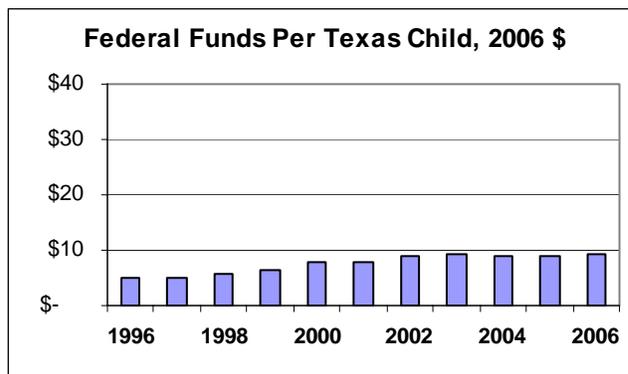
### IV-E Adoption Assistance

Like other federal IV-E funds, Adoption Assistance funding is matched at different rates (FMAP, 50 percent, or 75 percent) depending on whether it is spent on adoption subsidies, administration, or training.

Only special-needs children—sibling groups, ethnic minority children, school-age children, and children with a disability—are eligible for the IV-E adoption payments. Furthermore, children have to be eligible either for cash

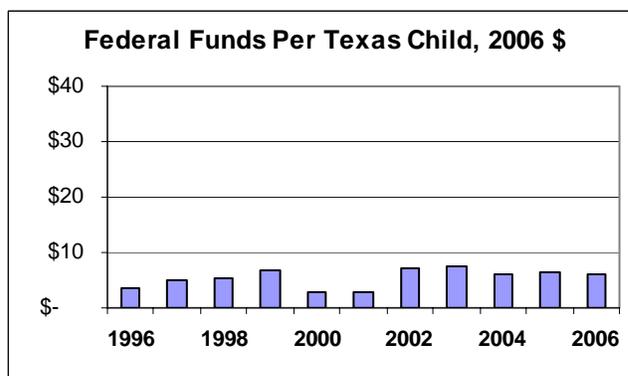
assistance or Supplemental Security Income; otherwise, only some non-recurring adoption costs will be reimbursed. In 2003, 67 percent of Texas' adopted children receiving a subsidy were provided a IV-E-funded subsidy, compared to 79 percent nationwide. Finally, federal IV-E adoption subsidy payments cannot be higher than the foster care payment that would have been made for that child if he or she were still in a foster family setting.

In 2008, Texas plans to use \$63 million in federal Adoption Assistance funds for child protection; of that total, \$60 million is budgeted for adoption subsidy payments.



### Promoting Safe and Stable Families

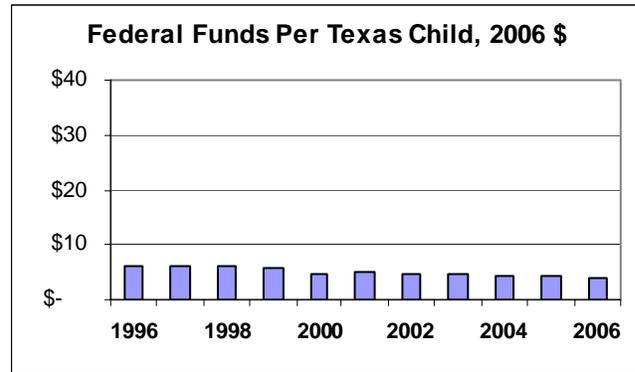
Promoting Safe and Stable Families (PSSF) is part of the IV-B child welfare grant and requires a 25 percent state share. Formula grants to states are based on the number of children receiving Food Stamps. At least 20 percent of states' grants must be spent on each of the following: family support services, family preservation, time-limited family reunification, and adoption promotion and support. Unlike IV-E, IV-B funding does not have an income eligibility limit for services to children and families.



In 2008, Texas will use one-third of its PSSF dollars for at-risk prevention: Texas Families: Together and Safe (\$4.1 million); Community Youth Development (\$3.2 million); Services to At-Risk Youth (\$2.9 million); and other prevention program grants and staff (\$0.9 million). One-fourth of PSSF dollars is budgeted for CPS purchased services; one-sixth of these funds support Intensified Family Based Services direct delivery staff; and one-sixth will help fund adoption purchased services. Remaining PSSF funds will cover administrative and personnel costs of CPS programs.

### Child Welfare Services—State Grants

These grants are also authorized by Title IV-B and require a 25 percent state share. After a base payment of \$70,000 to each state, Child Welfare Services grants are distributed based on states' child (under 21) population and three-year average per capita income, to fund child welfare services that let children live in their own homes or in other appropriate placements. Unmarried, under-18 children and their families are eligible for services funded with these federal dollars.



In 2008, Texas will use these funds mostly for CPS direct delivery staff (\$15 million), the Community Youth Development program (\$3.6 million), and CPS purchased services (\$2.9 million).

### Other Federal Funds for Child Protection

Medicaid, the Social Services Block Grant, federal child care funds, and a half-dozen other federal funding streams are also used in Texas to fund child protection. The table below shows federal funds used since 2001 and their changing use in child protection. In comparison, nonfederal funding for child protection increased at an annual average rate of 11.3 percent from 2001 to 2008.

#### Federal Funding of Texas Child Protective Services, 2001 and 2008

	Spent in 2001 (Million \$)	Budgeted for 2008 (Million \$)	Annual Average Change, 2001-08 (Percent)
Temporary Assistance for Needy Families	\$180.6	\$328.4	9 %
Foster Care Title IV-E	97.5	215.0	12
Adoption Assistance Title IV-E	37.7	62.5	8
Promoting Safe and Stable Families	27.9	33.0	2
Child Welfare Services - State Grants	23.6	22.5	- 1
Medicaid	65.8	20.3	-15
Social Services Block Grant/Title XX	12.2	4.1	- 14
Child Care Development Fund Block Grant	-	11.9	NA
Chafee Foster Care Independence Program	3.2	6.6	11
Child Abuse and Neglect State Grants	1.1	1.7	6
Community-Based Child Abuse Prevention Grants	1.0	1.8	8
Chafee Education and Training Vouchers	-	1.5	NA
Children's Justice Grants	0.6	-	NA
Refugee and Entrant Assistance	-	0.9	NA
Adoption Incentive Payments	2.5	0.4	-22
State Court Improvement Program	0.3	-	NA
Adoption Opportunities	0.3	-	NA
<b>All Federal Funds Used for Child Protection</b>	<b>\$454.3</b>	<b>\$710.8</b>	<b>7%</b>

## **Pew Commission Recommendations**

The Pew Commission on Children in Foster Care, a national, nonpartisan panel of leading experts in child welfare, has helped to fuel an ongoing national conversation about federal finance reform by making significant recommendations after careful study of existing problems. The thrust of the Commission's May 2004 recommendations is "flexible" federal funding that would allow states to improve services to families and find safe, permanent homes for foster children.

Others have added their voices to calls for reform. For example, eight national organizations recently joined forces as the Partnership to Protect Children and Strengthen Families to make recommendations that would reform and expand federal and state funding of child protection. The goal of the reforms is to improve services to children, make programs more effective, and increase accountability.\*

## **Guardianship**

The Pew Commission made a specific recommendation about federal guardianship assistance that is particularly relevant to Texas and is discussed in more detail in the *CPPP Policy Brief on Kinship Care in Texas*. (We use the term "guardianship" to be consistent with national usage. In Texas, the technical term is "conservatorship," meaning that the relative has legal care, custody, and control of the child, but parental rights have not been terminated.)

## **The Kinship Caregiver Support Act**

Every child needs a safe, permanent family to help them grow and flourish. Grandparents and other relatives can be an important resource to provide permanent homes for thousands of children in foster care, but they need the same supports any other foster family gets.

The 110th Congress could help make this happen by enacting the bipartisan Kinship Caregiver Support Act (S.661/H.R. 2188). This federal legislation would help the more than 124,000 children who live with grandparents or other relatives—one out of every four children in foster care nationwide. The act would enable those relatives to become permanent guardians while maintaining crucial financial and social services support for medical visits, food, school clothes, educational tutoring, and other needs.

The Senate and House versions have minor technical differences, but both would accomplish the following:

- Create a Kinship Navigator Program to help relative caregivers locate the supportive services they need (such as respite care or housing assistance);
- Give states the option of using IV-E foster care and adoption funds to subsidize guardianship for certain relative caregivers;
- Expand eligibility for the Foster Care Independence Program to include youths who leave foster care for adoption or guardianship;
- Require states, within 60 days of a child's removal from parental custody, to notify adult grandparents and other adult relatives suggested by the parent(s) and inform them of options regarding the child's placement;
- Allow states to have certain licensing standards for relative caregivers that are different from those applied to other foster parents.

The Pew Commission recommended that the federal government offer to match state money used to provide guardianship assistance just like the federal government matches state money used for foster care and adoption assistance. Furthermore, the program should be limited to children (1) whom the

\* For more information, see "Changes Needed in Federal Child Welfare Law to Better Protect Children and Ensure Them Nurturing Families," Partnership to Protect Children and Strengthen Families, May 2007. [www.voices.org/Content/NavigationMenu/Childrens\\_Policy/Child\\_Welfare5/CW\\_Fin\\_Recomendations.pdf](http://www.voices.org/Content/NavigationMenu/Childrens_Policy/Child_Welfare5/CW_Fin_Recomendations.pdf)

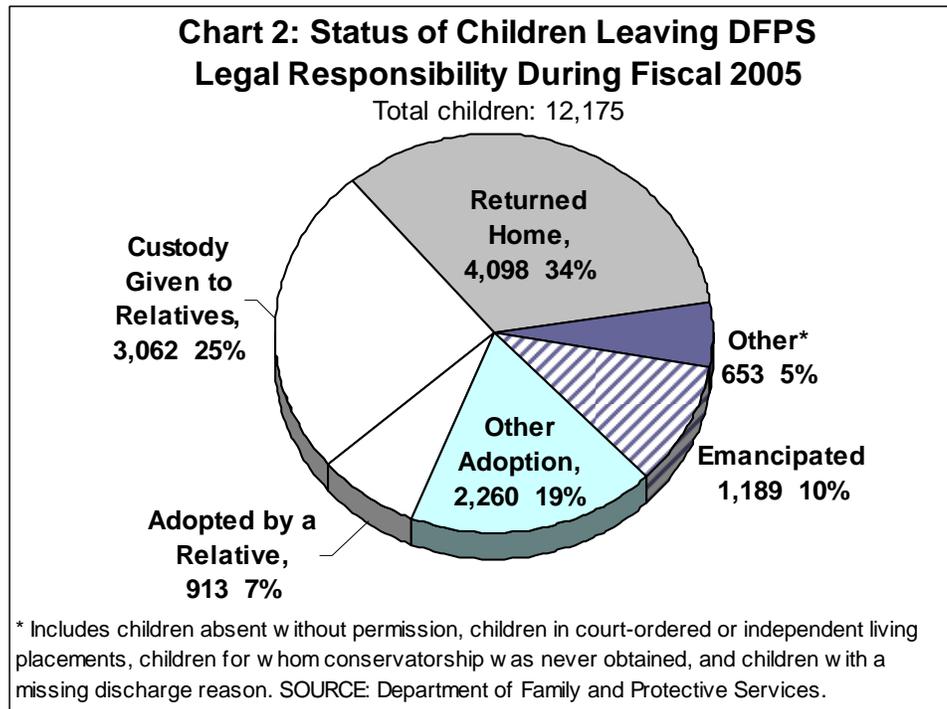
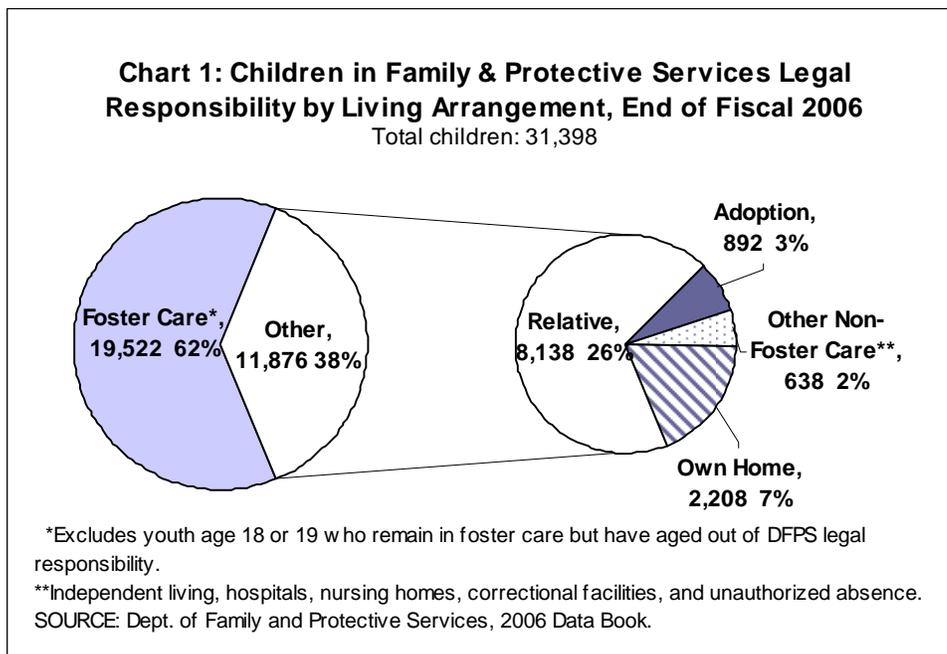
state has been forced to remove from their home and place in foster care; (2) who have been in care for a given period of time; (3) for whom there is no feasible plan of reunification or adoption; and (4) for whom a strong bond exists with a potential guardian who is committed to caring for the child permanently.

Texas does make relative placements, also called kinship care. Chart 1 shows that more than one-fourth (26 percent) of children are placed with relatives in open cases. Chart 2 shows that almost one-third (32 percent) of children are placed with relatives to close cases: 25 percent placed in relatives' custody, and 7 percent adopted by a relative.

Texas had almost 8,900 children living in kinship homes in June 2007, up 30 percent from 6,900 in December 2005. The state's new Kinship Caregiver Pro-

gram, which began providing financial support and other support services in March 2006, had distributed over \$6.5 million as of July 2007 to kinship caregivers. Texas provides transitional financial support through \$1,000 initial payments per sibling group, and based upon need, recurring annual payments of up to \$500 per child for up to three years.

Texas would like to increase the number of relative placements, but a lack of family resources continues to be a major barrier to kinship care. While relatives can become foster parents, many cannot meet the licensing standards and others do not wish to become part of the system. Guardianship subsidies can help overcome financial barriers. However, without federal financial participation, it is unlikely that Texas could provide ongoing guardianship subsidies.



## Recent Changes in Federal Funding at the National Level

In the face of mounting federal deficits and increased pressure to cut social services funding, concerns about the future of child protection have emerged. Fortunately, Congress to date has spared child welfare programs from major cuts and has actually expanded federal funding in some critical areas.

For example, as part of the reauthorization of Promoting Safe and Stable Families in October 2006, Congress approved funding for two initiatives: competitive grants to serve children at risk of, or already in, foster care because a parent abused methamphetamine or other substances; and formula grants to states to increase the likelihood that all foster children are visited at least once a month by a caseworker. At the national level, the meth/substance abuse grants will receive \$35 million in 2008; the monthly caseworker visits grants will be funded at \$18.3 million (annual average for 2007-2009).

Also, in response to the Pew Commission's recommendations on strengthening juvenile and family courts, Congress included in the Deficit Reduction Act of 2005 an additional \$100 million over five years. These new funds will improve training for judges, attorneys, and other legal staff; provide for better tracking and analysis of court caseloads; and increase the collaboration between states' courts and their child welfare agencies.

For federal fiscal year 2008, the administration has proposed \$10 million in competitive incentive grants to create or expand nurse home visitation programs that would prevent child abuse and neglect. An option to give states their IV-E foster care and adoption funding in a flexible grant is also part of the 2008 federal budget proposal.

Other developments, while not directly threatening federal child welfare funding, are worrisome. For example, the federal budget proposal for 2008 would cut Texas' Social Services Block Grant from \$129 million to \$91 million. If enacted by Congress, this \$38 million (30 percent) reduction could lead Texas to completely eliminate SSBG funding for the Department of Family and Protective Services. (Although most SSBG is used for adult protective services, rather than CPS, it is still an important funding source for the statewide intake services and automated systems used by CPS.)

Also, in reauthorizing Temporary Assistance for Needy Families, Congress failed to reauthorize or extend beyond March 31, 2006, the ability of the U.S. Secretary of Health and Human Services to grant states waivers for innovative uses of Title IV-E Foster Care funds. Existing waivers will not be affected, but no new waivers will be issued to states wanting to use IV-E funds for services other than foster care.

### The Adoption Equality Act

Some 4,000 abused or neglected children in Texas are awaiting adoption. By enacting the Adoption Equality Act (S.1462), the 110th Congress could improve children's chances of being adopted by expanding eligibility for federal adoption assistance. This would involve doing away with the outdated link between a child's eligibility for federal Title IV-E adoption subsidies and the income of the family from which they were removed.

To read more about the outdated link's impact on Texas, see CPPP's *The Federal Role in Funding Child Protection: How Eliminating the "Lookback" Could Help Texas*, online at [www.cppp.org/research.php?aid=619&cid=4](http://www.cppp.org/research.php?aid=619&cid=4)

For a national-level analysis, see *Time for Reform: Fix the Foster Care Lookback*, by Kids Are Waiting, at [kidsarewaiting.org/reports/files/lookback.pdf](http://kidsarewaiting.org/reports/files/lookback.pdf)

## ADDITIONAL READING

“Changes Needed in Federal Child Welfare Law to Better Protect Children and Ensure Them Nurturing Families.” Partnership to Protect Children and Strengthen Families, May 2007.

[www.voices.org/Content/NavigationMenu/Childrens\\_Policy/Child\\_Welfare5/CW\\_Fin\\_Recomendations.pdf](http://www.voices.org/Content/NavigationMenu/Childrens_Policy/Child_Welfare5/CW_Fin_Recomendations.pdf)

*The Cost of Protecting Vulnerable Children V: Understanding State Variation in Child Welfare Financing.* Urban Institute, May 2006.

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*The Federal Role in Funding Child Protection: How Eliminating the “Lookback” Could Help Texas.* Center for Public Policy Priorities, February 2007.

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*Fostering the Future: Safety, Permanency, and Well-Being for Children in Foster Care.* Pew Commission on Children in Foster Care. May 2004.

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**KIDS ARE WAITING**  
Fix Foster Care Now

This policy brief is underwritten in part by a grant from *Kids are Waiting: Fix Foster Care Now*, a national, nonpartisan campaign dedicated to ensuring that all children in foster care have the safe, permanent families they deserve through reform of the federal financing structure that governs our nation's foster care program. *Kids are Waiting* is a project of The Pew Charitable Trusts. To learn more, visit [kidsarewaiting.org](http://kidsarewaiting.org). The opinions expressed in this policy brief are those of the Center for Public Policy Priorities and do not necessarily reflect the views of *Kids are Waiting* or The Pew Charitable Trusts.