

Rebuild the Nation's Child Welfare System

FEDERAL POLICY RECOMMENDATIONS

Change federal fiscal policy to better promote permanence and well-being.

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Promote innovation, evaluation, and widespread implementation of policies and practices supported by strong evidence.

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Improve both oversight and support of state child welfare systems.

More than 800,000 American children spend some time in foster care each year, most because they have been victims of child abuse or neglect. The families of 3.5 million children are investigated or assessed for alleged maltreatment each year, and more than 900,000 children are determined to be victims – three-quarters of them neglected, and one-quarter physically or sexually abused.

To assist these children, our nation's child welfare systems spend more than \$25 billion per year, of which more than \$12 billion comes from the federal government. Yet there is broad consensus that these systems, despite the extraordinary efforts of many committed managers, supervisors, and frontline workers, fail to produce the results we need. Too many of the children who encounter them remain unsafe, and too many do not have basic needs such as education and health care met.

Most important, far too many of these children and youth are left without the permanent, supportive family every child needs to grow into a healthy and productive adult. Some are removed from parents who could have continued to care for them if they had been provided with basic services and supports. Many are separated not only from parents, but also from siblings, extended family, and their schools and communities. Large numbers live in shelters and institutions, rather than with families. Many remain in foster care for years without being safely reunified with family, adopted, or placed into permanent guardianship. Those who are teens, most of whom enter foster care because of behavioral problems or parent-child conflict rather than abuse or neglect, are all too likely to transition to "independent living" without a family to rely on. Until we address these problems, the idea that we are protecting children will remain an illusion. We can't make any child truly secure until we can ensure that he or she will again become part of a loving and lasting family.

The current economic crisis will create ever-higher demands on already over-stretched child welfare systems – and even more reason to ensure that every dollar invested in child welfare is spent wisely. The incoming administration and Congress have an extraordinary opportunity to drive real reform of child welfare nationally, by changing

federal policies that are fundamentally misaligned with the goals they are supposed to promote.

- Children should be kept safe in their own homes whenever it is possible to do so – yet the federal government provides open-ended entitlement funding for out-of-home care, but only capped and limited funds to preserve at-risk families and prevent placement.
- Longstanding fiscal and programmatic arrangements continue to fail to produce the desired results – yet federal policy stifles innovation rather than promoting new practices, ensuring that they are rigorously evaluated, and bringing to scale those that produce results.
- Children involved with the child welfare system have diverse and complex needs – yet federal funds are limited to a narrow range of programmatic options. As a result, some services (such as evidence-based mental health treatment) are badly undersupplied, and others (such as aftercare services to support families and prevent reentry into foster care) are nearly non-existent.

In our view, the reforms most likely to solve these problems are as follows.

Recommendation:

Change federal fiscal policy to better promote permanence and well-being.

To make a difference in child welfare outcomes, the federal government will have to right the balance between funds dedicated solely to out-of-home care (Title IV-E, more than \$6 billion of federal spending in 2006) and funds that can be used more flexibly to keep families intact and promote innovative practices (Title IV-B, less than \$650 million of federal spending in 2006). Among the many promising proposals developed by child welfare researchers and experts are the following:

- Give states the option of receiving additional Title IV-B funds in exchange for a lower Title IV-E reimbursement rate, thus providing flexible resources that can be used to prevent out-of-home placement, while limiting states' financial risk if child welfare caseloads increase;

- Forecast each state’s future foster care expenses based on historical data and allow states to reallocate a portion of the federal share of these projected expenses to services other than placement; and
- Renew the now defunct Title IV-E waiver program, incorporating greater design flexibility (including the possibility that waivers might not be cost-neutral, and some protection for states that experience cost increases) and a rigorous, federally directed evaluation.

We recommend that the new administration and Congress take the following additional actions.

“De-link” foster care payments from the old AFDC income standards. Everyone agrees that requiring individual eligibility determinations, tied to a long-defunct welfare program, makes no sense. It has the perverse effect of incentivizing states to focus their time and attention on improving bureaucratic procedures rather than child outcomes, and it wastes substantial time and resources that could otherwise be spent meeting children’s needs. De-linking can be accomplished either with full cost-neutrality or as part of a broader effort to realign federal funding – either of these approaches would be preferable to the current system.

Broaden the current adoption incentive program to create a more comprehensive permanency incentive. The federal government provides a relatively modest amount (approximately \$30 million) each year to reward states for increasing the number of children adopted. States have taken this incentive seriously, and many have developed strategies to get more children adopted more quickly. But adoption is only one way to connect children to a safe, permanent family; far more children are reunified each year than adopted, and permanent legal guardianship is an increasingly important alternative. Federal policy should reward states that improve their performance in all of these areas, rather than promoting a single form of permanence at the expense of others.

Expand access to critical services for children and families involved in the child welfare system. The federal government should:

- Rescind recent restrictions that severely narrow access to Medicaid rehabilitative and targeted case management services for children in foster care;

- Allow states to use Medicaid to support a full range of mental health services for abused and neglected children and their families, even if some services are not provided to all Medicaid-eligible children under the state plan;
- Expand federal support for tuition assistance for higher education or vocational training for older youth in the child welfare system and recent foster care alumni, and make them eligible to retain Medicaid until they reach age 25; and
- Provide the support, and oversight, necessary to ensure that states fully implement the provisions of the recent Fostering Connections to Success Act (PL 110-35), which are essential to ensure that children in care remain connected with siblings, have their health and education needs met, and, for those who leave care as teens and young adults, benefit from careful transition planning.

Recommendation:

Promote innovation, evaluation, and widespread implementation of policies and practices supported by strong evidence.

Some of the specific steps recommended above, such as renewing the Title IV-E waiver program, will have the effect of encouraging states to try promising approaches to improve child welfare outcomes. But much more can be done to foster innovation. The federal government should:

- Promote research on the adaptation of evidence-based practices (for example, effective parent training models developed in children’s mental health) to child welfare, perhaps via significant expansion of the role of the Centers for Disease Control and Prevention in supporting such research;
- Provide incentives for states to implement evidence-based practices, perhaps by enhanced federal reimbursement for implementation support;
- Support the expansion of differential response to allegations of abuse and neglect, with less serious cases receiving a family assessment and supportive services rather than an adversarial investigative proceeding, along with an evaluation of which differential response practices are most effective; and

- Support widespread implementation of Team Decision-Making and/or other family conferencing systems that lead to better and more timely child welfare outcomes.

Recommendation:

Improve both oversight and support of state child welfare systems.

Improving child welfare outcomes requires not only the kind of flexible funding and support for innovation described above, but also better and more timely efforts to measure performance and incentivize results. Changes are especially important in the following areas.

First, the federal government should *revise the Child and Family Services Review (CFSR) to more accurately measure state performance*. The development of the CFSR process, by which the federal government periodically measures and evaluates each state's child welfare system, was an important step. Unfortunately, the CFSR has not yet come close to achieving its potential as a tool for change, in good part because it relies on data indicators that are fundamentally flawed. To correct these deficiencies, a revised evaluation system should:

- Rely on longitudinal data based on the analysis of entry cohorts (all children entering care during a given time period);
- Ensure that changes in data are based on real changes in system performance rather than changes in the population served to be more risk-adjusted; and
- Be significantly simplified, replacing complex composite measures with simple, direct indicators of performance.

The federal government must also take a leadership role in reducing the pervasive racial disparities found throughout the child welfare system. Children of color, and especially African-American and Native American children, are more likely than white children to be placed in foster care, less likely to receive the services they need, and more likely to remain in care for a long time, even when the effects of poverty and the type of maltreatment alleged are taken into account. The federal government should:

- Require states to disaggregate by race all data on key child welfare performance indicators;

- Set aggressive goals for reducing and ultimately eliminating racial disparities; and
- Regularly publish data measuring the amount of progress being made against these goals.

Finally, child welfare information systems remain a generation behind the times, hampering the efforts of staff at all levels to track and improve performance. *The federal government should support the development and dissemination of new information technologies for child welfare*, combining mobile computing platforms with worker-level decision support tools and practice guides with the supervisor-, manager-, and commissioner-level data analytics needed to promote continuous improvement.

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A special policy issue of our newsletter, *Casey Connects*, and a series of issue briefs with our recommendations for reducing poverty, rebuilding child welfare, reforming juvenile justice, and improving data collection on children and families can be found on the Annie E. Casey Foundation's website: www.aecf.org.

The Annie E. Casey Foundation is a private charitable organization dedicated to helping build better futures for disadvantaged children in the United States. It was established in 1948 by Jim Casey, one of the founders of UPS, and his siblings, who named the Foundation in honor of their mother. The primary mission of the Foundation is to foster public policies, human-service reforms, and community supports that more effectively meet the needs of today's vulnerable children and families. In pursuit of this goal, the Foundation makes grants that help states, cities, and neighborhoods fashion more innovative, cost-effective responses to these needs.