4. FAMILY FIRST

Funding Practices that Keep Kids Safe

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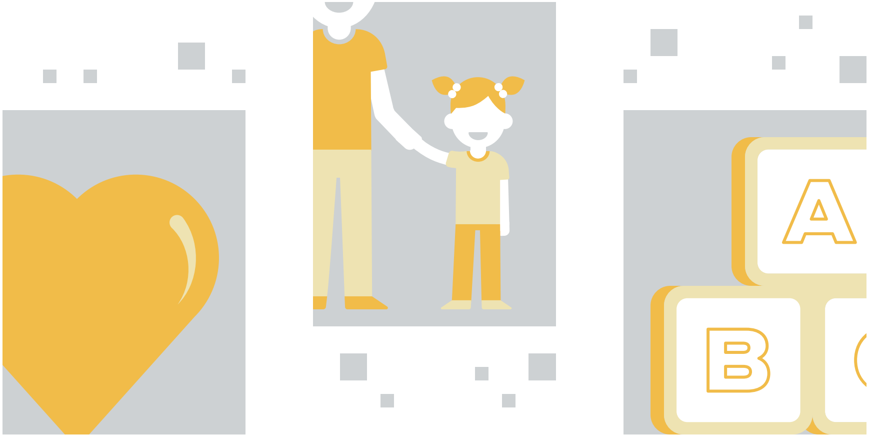

In 2017, there were over 4 million allegations of child abuse and neglect made to public child welfare agencies concerning more than 7 million children nationwide.[1] The fact that nearly 10 percent of all children in the United States were subject to such allegations poses a serious public health and public-policy concern. Of the children found to be maltreated, the highest percentages suffered from neglect (75 percent) and physical abuse (18 percent). Furthermore, emphasizing the seriousness and urgency of this issue, more than 1,700 children died from abuse and neglect nationwide in 2017.[2]

Public child welfare agencies administer an extensive set of programs intended to protect children from harm, as they are charged with ensuring their safety, permanency, and well-being. While partially funded by the federal government, public child welfare agencies are operated by individual state and/or county governments and receive and investigate reports of child abuse and neglect. These agencies decide how to respond to and investigate allegations, and if a child must be removed from the home. Ideally, if safety issues exist or factors indicate a risk of harm, the family can receive targeted services and support, while enabling the child to stay at home safely.

Child welfare agencies strive only to remove children from their families when absolutely necessary because the experience can be traumatic for children and parents, can lead to family instability, and can be a strain on the child welfare system. Decades of research has shown that children who must be removed from their family of origin, do best when they grow up with at least one loving caretaker.[3] Unfortunately, removal is necessary for some situations to protect children from harm. If removed, a child can be placed in settings ranging from kinship care, where the caregiver is a relative or person known to the child; a nonrelative foster home, which is a family-like environment; or a residential care program (which includes group homes and institutional care). While federal law requires that children are placed in the least restrictive, most family-like setting available, child welfare agencies are constrained by availability of foster parents as well as the behavioral and physical health needs of a child.

Broadly, the child welfare system refers to a continuum of services "designed to ensure that children are safe and that families have the necessary support to care for their children successfully."[4] In 2018, recognizing opportunities for improvements to the federal government's role in this system, federal policymakers enacted the Family First Prevention Services Act, making the most expansive changes to this program in 40 years by one piece of legislation.[5] An active advocacy community played an instrumental role in the enactment as groups pleaded with and pressed Congress to better align federal funding with what has been shown to best serve children and families. While not a perfect funding realignment, the law presents a fundamental shift and leverages evidence for the benefit of vulnerable children.

ISSUE BACKGROUND

Implementing child welfare services nationwide requires substantial resources, totaling $30 billion in 2016.[6] Over half of these costs were covered by state and local governments, while the federal government contributed slightly less than half.[7] However, the amount that the federal government covered varies by state, ranging from 17 percent in Delaware to 78 percent in Louisiana.[8] These wide variations in funding speak to the differences of child welfare systems in each state and to the total amount of funding—mostly based on the level of the state investment—and they have important implications for system equity, the array of services available, and the approach and effectiveness of service delivery across states.

The largest federal resource for states in the child welfare continuum is foster care, paid for largely under Title IV-E of the Social Security Act. Foster care (also known as out-of-home care) is a temporary arrangement where children are placed with a relative or nonrelative caregiver, or in another type of residential setting, and protected against harm. The amount of federal funds provided to states for foster care is driven by claims for reimbursement. States can submit claims to the federal government for the eligible portion of the placement costs when a child from a qualified low-income household is removed from their home and placed into an out-of-home placement: a relative or nonrelative foster family home, a group home, an institution, or another setting. The federal government provided about $6 billion to state governments in 2018 for foster-care-related reimbursements. The federal government gives financial payments to state governments only after a child is removed from their home. This creates a perverse financial incentive for states that reinforces a practice that does not serve children best. The rate of federal funds spent on removals relative to efforts that prevent the need for removals is eight to one.[9]

With limited federal funding, states must bear the burden of funding family prevention and intervention services to prevent the need for foster care placement when services can make a difference. Only a limited amount of federal funds (approximately $700 million annually) is available for prevention services, which constrains efforts to strengthen families and to provide services early enough to meet families' needs and avert a crisis from occurring.

Making the federal financing of foster care more complicated and nuanced, federal law dictates that states are only eligible to receive foster care (title IV-E) reimbursement for children from families who would have met the poverty standards in the Aid to Families with Dependent Children program, precisely as it existed in 1996. Based on how the federal foster care law was written, the poverty measure that determines eligibility has remained static since 1996. For example, to qualify for the family income portion of the criteria, a family's income is limited to $674 per month for a family of three in Wyoming and $1,082 per month for a family of three in Florida, and a family must have less than $10,000 in resources available to them.[10,11] Without any increases in the threshold for over 20 years, the number of families with monthly incomes below the old standards has continuously decreased. With fewer families meeting the criteria, the federal government provided fewer resources to states based on the funding formula. While some people would advocate removing the old poverty standards, Congress has made clear that doing so would be prohibitively expensive given federal funding priorities. Therefore, policymakers have only adjusted federal foster care funding incrementally and on the margins.

Congress and stakeholders are well aware of the inadequacies of the federal role in the child welfare system. To combat the lack of funding for innovative prevention approaches and the focus on out-of-home placements, Congress strategically enabled states to do more with the limited foster care federal funds through Title IV-E Child Welfare Demonstration Projects. Building off legislation from 1994 that first created waivers to increase the flexibility of federal foster care funds, the Child and Family Services Improvement and Innovation Act of 2011 resurrected and modified child welfare demonstration waivers, adding a required innovative practice and evaluation component.[12] The waivers were "designed to improve state effectiveness in protecting children and assisting families as well as point the way to potential broader national reforms to benefit children and families in the coming years."[13] This authority relinquished the stringent federal foster care eligibility requirements and required jurisdictions to test new approaches with the same amount of funding that they would have received absent the waiver.[14]

Twenty-eight jurisdictions, including the District of Columbia, and a tribal organization, took advantage of the opportunity to operate under the waiver authority.[15] However, in the early and mid-2010s, as the legal authority for waivers neared expiration, and without a new law in place to carry the flexibilities forward, Congress faced more pressure to produce a more permanent child welfare finance reform and to do so in a bipartisan way. Waivers were a temporary fix for some of the problems of the federal financing structure and included an expiration date of September 30, 2019, to force Congress to act. As conditions ripened for reform, members of Congress identified key issues, and staff began to draft legislation highlighting how federal reform could tackle them, including:

1. The lack of adequate funding for family-strengthening efforts that prevent the need for foster care and the traumatic experience of home removal;

2. The investment in out-of-home placement settings that fund group home care and does not serve children best; and

3. How federal funding was being used for some practices and services that were ineffective in accomplishing key outcomes of safety, permanency, and well-being.

In particular, the interventions were in some cases shown to not routinely produce positive outcomes or to prevent maltreatment and entry into foster care. Some practices were identified as actually harmful for children, like group home settings when the child did not have needs that required the level of care provided in that type of environment and stayed for an inappropriate amount of time.[16,17,18]

EVIDENCE AVAILABILITY

The child welfare field became more aware of the trauma experienced by children coming into the system. With this knowledge, the field began to build a trauma-informed system that strives not to exacerbate or add to traumatic experiences. Thus, decision-makers in the executive branch as well as members of Congress started to pay attention to child welfare issues when they increasingly heard about children being placed into group settings. There was a consensus in the research community that group settings should be used only when alternatives were not available. In 2014, leading researchers released a consensus statement to that effect.[19] Given that federal funds are one source that state and local jurisdictions use to pay for the high costs of group home settings, a change in federal funding structure was a lever the federal government was able to use to impact state behavior as it relates to placement options.

Aligned with the heightened interest and to better understand the use of group home placements, the U.S. Department of Health and Human Services (HHS) conducted a nationwide observational analysis using administrative records. There is a federal requirement for states to report on a variety of indicators through the Adoption and Foster Care Analysis and Reporting System, which in turn provides data that can generate useful insights about program operations and the children served. Because the child welfare system is decentralized and operated at the state and local levels, the federal data reporting requirements proved beneficial for HHS staff to analyze the information about trends and then make policy recommendations based on findings.

In 2015, HHS's observational analysis concluded that group home placements were being overused as a foster care placement, especially for youth under 12 years old where family-like settings are most appropriate. The study noted that group home care is appropriate and necessary when used for specialized cases of behavioral or mental health needs, and should be used to temporarily stabilize youth to prepare them for a return to a family setting when possible.[20] The HHS analysis also found that:

- Children spend an average of eight months in group care settings, with a broad range of state averages;
- Children ages 12 and younger comprised an unexpectedly high percentage (31 percent) of children who experienced a congregate care setting, with the point in time ranging from 6 percent to 69 percent; and
- Half of the children ages 13 and older in foster care entered a group home setting at some point, with a quarter entering a group home as their first placement and more than 40 percent entering due to a child behavior problem and no other clinical or mental disability.

The HHS report provided national statistics that finally suggested what many observed anecdotally and gave a straightforward conclusion that group homes were being overused.

Compounding those findings were other reports of the peril and inadequacy of foster care for youth who age out of the system (between ages 18 and 21 depending on the state), meaning they leave foster care without a permanent home. A 1999 federal law established a data system known as the National Youth Transition Database; it required states to follow specific cohorts of youth over time to collect additional outcome information to enable a collective assessment. Of the foster youth who age out of the system, at age 21, only half reported having full or part-time employment, 20 percent reported being incarcerated in the past two years, only 3 percent reported earning a college degree, and a quarter reported having given birth or fathered a child within the past two years.[21] While there are of course success stories, on the whole, the data indicate how the foster care system is not preparing youth who age out with tools for positive life outcomes and youth who age out of group home settings have poorer outcomes than their peers in family-like settings.[22,23]

The National Youth Transition Database outcome statistics give further credibility to the longstanding knowledge that children do best with their family and in family-like settings. Multiple research studies found that children in foster care "experience feelings of confusion, fear, apprehension of the unknown, loss, sadness, anxiety, and stress."[24] Moreover, while child welfare is intended to keep children safe, the process of removal "unintentionally increased the vulnerability of this already fragile population."[25] The findings on foster care experiences adversely impacting children added to the urgency of preventing foster care as an option; a landmark study conducted from 1995 to 1997 found a relationship between the number of adverse childhood experiences a person experienced and a variety of negative outcomes in adulthood.[26] Negative outcomes included, for example, physical and mental health impairments, substance use disorders, and risky behaviors. The research regarding adverse childhood experiences and the not only short-term but lifelong negative impacts emphasized the importance and need for prevention efforts.

EVIDENCE USE

When Congress and the executive branch were determining how to best reform the federal policies related to child welfare, policymakers leaned on the array of existing research to inform the changes included in the Family First Prevention Services Act (FFPSA). These reforms included key actions related to improving and increasing prevention services, reducing the use of group homes, and identifying more high-quality foster families.

Increasing prevention services

Given the trauma and negative outcomes generally associated with abuse, neglect, and foster care placements, preventing any maltreatment (primary prevention) and preventing subsequent maltreatment from occurring (secondary prevention) are critical for an effective child welfare system. The presence of interventions that can successfully mitigate harm is fundamental to a robust child welfare system that values prevention. Prevention interventions that focus on reducing risk factors and strengthening families can vary, targeting parenting skills, child behavior issues, substance use disorders, and mental health issues. Child welfare agencies look to needs assessments of their population and evaluations of these activities to understand the proper service array to offer in their local context.

Given the prevalence of evidence that prevention of maltreatment and removal is the best way to mitigate negative impacts of foster car, FFPSA includes a new source of federal support for interventions to strengthen families. This fundamental change to federal foster care funding allows a state to claim reimbursement for the prevention of foster care placement and, further, requires services to be evidence-based, based on rigorous standards, and focused on parenting skills, mental health and substance abuse prevention and treatment programs, without regard to a child's family income level. In practice, this means that children and families receive appropriate supports in their homes, when possible, which is consistent with the available research and evaluation findings of how to support families staying intact and how to best ensure children can reach their potential. The prevention services in FFPSA have the potential to ensure that children do not experience the kinds of abuse, neglect, and household dysfunction that can lead to negative impacts on their development.

Reducing the overuse of group homes

The HHS report on group home placements demonstrated further support for congressional action on group homes, earned support from the executive branch, and served as compelling evidence of the need for reform. In this case, HHS effectively leveraged the administrative data collected to generate findings that impacted policy. A main provision of FFPSA makes federal funding for group home settings stop after 14 days unless specific criteria are met. This, in effect, limits states from engaging in group home placements except for temporarily and when it is the necessary placement, which is where research suggests the use is most effective. Public child welfare agencies must ensure the setting is the appropriate level of care for a specific child based on an assessment and that the facility has the proper support and experts in place to provide necessary services. Stopping the federal funding for group homes unless there is a documented assurance that the placement is appropriate for a child or youth, will directly impact state behavior given the high costs of these placement settings.

Recruitment of foster families

If a child must be removed from his or her home and a family member is unavailable to care for a child, the next best situation is to place the child in a foster family home before the child can either be reunified with their family or adopted. Congress also included in the legislation a small amount of new funding, to support states in the recruitment of high-quality foster families. While modest, it is a start to further develop and strengthen home settings. Expanding the availability of high-quality foster family homes is a critical goal in best serving children in a loving environment, with or without a family member. When children must be removed from their birth families, another family-like setting is the preferred approach when possible. The legislation also established federal funding for evidence-based kinship navigator programs that help find and support kin caregivers and support this type of placement, which is shown to be best for kids if home renewal is necessary. A growing body of research suggests that children living with extended family fare better than with nonrelative foster parents. Placements with a relative result in greater placement stability and fewer behavioral and emotional problems.[27]

FFPSA is a transformational shift that garnered the movement underway in states and backed the changes with a meaningful shift in federal funding. Policymakers crafted the legislation to use the anticipated federal savings from limiting payments for group home settings toward increasing funding for evidence-based programs to prevent removals. Thus, in its design, Congress, through members and their staffs, applied the available research evidence to inform the design of FFPSA. Given that child welfare systems are complex and the federal government has a relatively remote role, there was not a direct one-to-one relationship of evidence to policy change. Instead, a large body of evidence was developed, strengthened over years, and synced with a bipartisan movement to ensure the well-being of vulnerable children that served as the wind behind the sail of FFPSA.

LESSONS

- ***Using funding to change state behavior.*** Federal funding was the main lever policymakers could use to impact state behavior and support child welfare agencies in moving practice toward what research suggests serve kids best. FFPSA incentivizes the use of evidence-based practices for services to prevent the need for foster care placements, and if placements must occur, it realigns funding to cover costs when a child is in the least restrictive and most family-like settings, especially with people who a child already knows. While change to the child welfare system can be slow, FFPSA used the most powerful federal levers of financing to ensure systems had more support and encouragement to change practices. For success in employing evidence to tackle a problem, a change must occur in the proper place of influence. Based on the structure of federal financing of child welfare, the funding stream was the exact spot.

- ***There is a need to evaluate evidence-based policy activities.*** With these central provisions of law set to go into effect starting October 2019, the potential effectiveness is yet to be seen. However, even with a foundation of evidence-based programs and services, evaluations will be able to convey the overall effectiveness of the legislation. In the short-term, based on the extensive preparation taking place and conversations occurring throughout the child welfare field and in jurisdictions, FFPSA has made its mark by increasing the focus on prevention and child well-being.

- ***Data collection was crucial in highlighting gaps and problems.*** While federal requirements can be perceived as overly intrusive and burdensome, data collected at the federal level was critical in this situation and provided a clear picture of what was happening in all 50 states, even with such different state systems and their respective nuances. FFPSA successfully based the legislation on evidence, built from data, that made the clear case for reforms to better serve children and families. ■

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