



Bipartisan Policy Center

Charting the Course: A Blueprint for Child Welfare Financing and Accountability Reform

Final Report from the Bipartisan Policy Center's Working
Group on Child Welfare Financing and Accountability

DECEMBER 2025

Letter from the Co-Chairs

It has been an honor to serve as co-chairs of the Bipartisan Policy Center's Working Group on Child Welfare Financing and Accountability. We commend the group's steadfast commitment to improving the lives of children and families. While we bring different professional experiences and perspectives, we are united by a shared purpose: to envision a child welfare system that both protects children and nurtures their well-being, strengthens their connections to family, and recognizes their need for permanency in family and living arrangements. We appreciate all the work the group has done and the time it has spent on this issue, and we are excited that this report was approved on a unanimous, bipartisan basis.

We have great respect for the extraordinary expertise, dedication, and candor that each participant brought to this effort. Their time, energy, and openness in full meetings—and in countless smaller conversations—created space for honest reflection, learning, and collaboration. Through this exchange, the group has developed a thoughtful vision for reform and identified a set of policy directions to guide progress toward that vision.

Federal child welfare financing, and the accountability that accompanies it, shapes the performance of our nation's child welfare system. Allocation of federal resources signals overarching goals and priorities. Unfortunately, today's federal child welfare financing framework is grossly outdated and out of alignment with what we know about keeping children safe and promoting strong families. For decades, state leaders have pieced together fragmented and restrictive funding streams to operate state and local child welfare systems, while also complying with extensive federal rules. Navigating this maze of disparate federal funding streams has not only constrained innovation but also prevented agencies from being able to meet local needs and to drive positive outcomes for the families they serve. If we are serious about building a system that protects children and empowers families to heal and thrive, modernizing federal child welfare financing and accountability is not optional—it is essential and urgent.

The result of our work is presented in this report: a blueprint for modernizing federal child welfare financing and accountability. The report recommends policy directions that have the potential to catalyze much-needed reform in how the nation funds and oversees child welfare and that are essential to building a stronger, more responsive system. At the same time, we recognize that each idea can be strengthened through continued dialogue with federal and state leaders, as well as those personally affected by and involved with the child welfare system: children; birth parents; foster, kin and adoptive parents; caseworkers; and judicial stakeholders. We hope this report sparks conversation across the field, in the halls of Congress, and among federal leaders within the administration.

As the report highlights, the policy directions reflect several overarching goals that we believe are essential to building a stronger, more responsive system:

- **Align federal funding** to help states build and sustain the core capacity needed to protect children, ensure permanency in family and living arrangements, and promote well-being.
- **Empower states** with greater flexibility to reduce complexity and cultivate leadership, responsibility, and innovation on behalf of children and families.
- **Modernize accountability** by focusing on priority outcomes, promoting data transparency, and driving shared responsibility across sectors.
- **Incentivize evidence-based programs** that strengthen families and help children heal from trauma.
- **Foster innovation** to meet the complex and evolving challenges facing children and families across the continuum of child welfare.

The working group extends its sincere appreciation to the Bipartisan Policy Center for hosting and supporting this effort. Its commitment to fostering practical, cross-partisan solutions provided the foundation for the thoughtful dialogue and collaboration reflected throughout this report.

The working group also thanks the Aviv Foundation, the Annie E. Casey Foundation, The Duke Endowment, the Doris Duke Foundation, the Conrad N. Hilton Foundation, the Wilson Sheehan Foundation, the Stand Together Trust, and the Dave Thomas Foundation for Adoption for their generous support for this work.

Note: The recommendations in this report reflect the consensus of the working group and do not necessarily represent the views of these organizations.

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The recommendations in this report reflect the consensus of the working group and do not necessarily represent the views of any individual member's employer or affiliated organization.

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Introduction

Nurturing the well-being of children and protecting them from harm are shared values and goals across society. Over time, our understanding of child maltreatment—including how to prevent and respond to it—has evolved. Advances in child development, brain science, data analytics, risk assessment, and technology, along with greater recognition of systemic biases, have all improved our ability to understand individual and societal factors associated with abuse or neglect and to act effectively when children are at risk.

Despite this progress, widespread concern persists about how well our nation's child welfare system fulfills its core mission of ensuring safety, permanency in family and living arrangements, and well-being. Several indicators highlight these concerns:

- Persistently high levels of child maltreatment-related deaths and repeat abuse and neglect raise serious questions about the system's effectiveness in keeping children safe.
- With large numbers of families referred to the child welfare system, concerns continue about unnecessary intervention and government intrusion.
- Several persistent issues—instability in foster care; long stays in out-of-home placement; disruptions after reunification, guardianship and adoption; and large numbers of youth aging out without permanent families—all indicate challenges in achieving timely and stable permanency.
- Poor long-term outcomes for children and parents who have been involved in the system point to ongoing struggles to provide support, promote healing, and strengthen family well-being.

Despite clear evidence of need, the nation's child welfare system faces significant barriers to fulfilling its mission. Many of these challenges stem from factors beyond the control of state and local child welfare agencies, which administer and help pay for a broad continuum of programs and services. When other public systems lack the capacity to respond to family needs—including mental health, substance abuse treatment, and services funded through Medicaid—child welfare systems often become the default safety net. Further, limited availability of community-based services makes it difficult for child welfare agencies to support families who come to the agency's attention but do not present immediate safety threats.

Internal constraints further weaken system performance. Insufficient and poorly targeted resources, outdated accountability and data systems, an overextended workforce, and a shortage of high-quality placement options all contribute to inconsistent outcomes for children and families.

Although child welfare is a shared responsibility between the federal government and the states, the partnership is not structured to support high-performing systems that can respond effectively to local needs. States are responsible for keeping children safe, strengthening families, and supporting children in foster care, yet they are hindered by federal funding structures that are fragmented, inflexible, and administratively burdensome.

PROTECTING CHILDREN REQUIRES A MULTISYSTEM RESPONSE

Families involved with Child Protective Services often face complex challenges that extend beyond the system's reach. Meeting their needs requires coordinated support across public systems, including health, education, and housing. These systems must share accountability and work together to ensure that families receive the comprehensive support they need. Coordination alone is not enough. Integrating service delivery needs to be the expectation and goal at the national and state levels. Integration between child welfare and Medicaid is critical, given the central role each plays in supporting children's well-being.

To move forward, federal financing and oversight must evolve. States need flexible, reliable resources, targeted federal investments, and accountability tools that encourage—rather than inhibit—innovation and continuous improvement. The next phase of reform must realign the federal-state partnership to close long-standing gaps and ensure that child welfare systems can deliver on their core mission: child safety, family stability, and well-being for all.

Today's federal–state partnership in child welfare is rooted in decades of bipartisan policymaking. Since the creation of the first federal child welfare grants in 1935, more than two dozen major laws have shaped a shared system of responsibility. Under this framework, the federal government provides funding, sets requirements, and monitors compliance, while states design and operate their own systems and make decisions about child

protection, foster care, permanency in family and living arrangements, and family support. This partnership has helped keep child welfare a national priority, but the complexity and rigidity of federal rules now absorb substantial administrative capacity and constrain state innovation. Leaders on the ground struggle to meet compliance obligations while tailoring services to the needs of their communities. The BPC working group's blueprint is grounded in this reality, and the group's recommended reforms call for modernizing governance so that federal accountability is preserved and improved while states gain new flexibility needed to build accountable systems that better serve children and families.

Overview of the BPC Working Group

In May 2024, 15 child welfare leaders with deep expertise and diverse experience convened to examine the limitations of the current child welfare system and develop recommendations to help agencies better meet the complex needs of children and families. The working group shared a core belief that children and families stand to benefit from improvements to federal financing and accountability systems.

Over 18 months, the group met regularly to review existing funding streams and performance measures, study past reform efforts, analyze data, and hear from outside experts, including individuals with lived experience in the child welfare system. This extensive examination informed the development of a shared vision for reform, which is presented here as a blueprint for change with a set of six recommendations for reform that modernize federal child welfare policy.

Taken together, the recommended federal reforms focus on promoting innovation, improving accountability, and—most importantly—achieving better outcomes for children, youth, and families. The working group hopes that these recommendations catalyze discussion across the field about long-needed reforms to financing and oversight. Members hope the ideas gain traction among decision-makers, while also prompting additional proposals for change.

The six reforms outlined below are grounded in five overarching goals that the working group views as essential to improving the performance and accountability of the nation's child welfare system:

- **Give states greater flexibility with federal funding** to reduce complexity and cultivate a culture of state responsibility, leadership, and innovation on behalf of the children and families they serve. Replace today's fragmented approach with streamlined and simplified federal funding that supports a more coherent system and allows states to plan, invest, and operate more effectively.
- Align federal funding so that states can **build and sustain the core capacity** needed to implement effective programs and practices that protect children and families, ensure permanency, and promote well-being. Sustained federal investment in core operational capacities—such as workforce, data systems, and technology—will ensure that states have the tools to operate complex child welfare systems effectively, including coordinating with multiple agencies and meeting the diverse and evolving needs of children and families.

- **Support and incentivize the use of evidence-based programs** to strengthen families and help children heal from trauma. Only through the use and implementation of targeted evidence-based interventions will we yield better results for children and families. This includes enhancing the safety of children in their homes, reducing the need for children to be removed from their homes, ensuring that children in foster care experience the stability and healing they need to grow and thrive, nurturing lifelong family connections for all children and youth, and providing young adults who leave foster care with supports for successful futures.
- **Drive high-quality and effective programming** by investing in innovations that meet the complex and evolving challenges facing children and families across the child welfare continuum. Lessons from previous innovation efforts—such as waiver demonstration programs and federal pilot projects—highlight the value of innovation and also the need for a sustained focus on cultivating a culture of innovation, encouraging experimentation, and driving continuous learning and quality improvement.
- Create new and greater **accountability and continuously improve quality by focusing on priority outcomes that leverage the power of data transparency and drive cross-sector responsibility**. Replacing overly burdensome requirements with a set of selected measures that prioritizes core protections for children and families will lead to more-accountable systems. Embedding cross-system measures in data reporting will promote transparency; provide a fuller picture of how well states support the health, development, and stability of children and families; and orient systems toward quality improvement and accountability for shared outcomes (including longer-term outcomes that rely on linked data).

A Reform Framework

The working group’s six recommendations present a vision for reform and a road map for reshaping federal child welfare financing and accountability to better serve children and families. A forthcoming companion report will summarize the working group’s discussion of each recommended reform and the options for implementing the reforms.

We offer several contextual points to guide readers’ understanding of the recommended reforms:

- In this report, the term *child welfare* is used interchangeably with *Child Protective Services (CPS)* to refer to the governmental and nongovernmental agencies responsible for responding when children may be at risk of abuse or neglect. We recognize that children’s well-being extends far beyond these functions and is shaped by a wide range of service systems.

- We use the term *states* broadly and refer to *tribes* and *territories* where applicable. The working group believes that federal reforms must account for the distinct needs and circumstances of states, tribes, and territories and that recommended reforms will likely need to be further tailored to ensure that all can benefit. Considering the different needs of tribes, both those that currently claim federal Title IV-E funds directly and those that may have the capacity and desire to do so in the future, is important. A comprehensive analysis of the needs of tribes and territories was beyond the scope and expertise of the working group.
- The six recommendations are interrelated and designed to function as a cohesive framework for reform rather than as standalone proposals.
- The reforms seek to drive better outcomes for families by restructuring and realigning federal investments and accountability, based on extensive study of what is and is not currently working. The group understands that fiscal considerations are central to the policy reform process. Throughout deliberations, the group discussed funding issues, which, like all aspects of child welfare, are complex. Overall, the sense of our working group is that additional federal investment should accompany these reforms. At the same time, our group acknowledges that federal savings are feasible. The forthcoming companion report to this blueprint will discuss the budgetary implications associated with the reforms and offer examples of how policymakers could scale different ideas.
- The working group focused on changes that strengthen the system's capacity to improve outcomes while acknowledging that child welfare operates within a broader network of agencies that also provides vital support to children and families. Working Group members emphasized that child welfare is—and should remain—only one part of this broader ecosystem. The working group is acutely aware that when other systems fall short, child welfare too often becomes the default backstop, stretching agencies beyond their intended role and capacity. Families and children ultimately bear the costs of those gaps. Although the blueprint offered in this report focuses on child welfare financing and accountability, the group urges policymakers to improve the continuum of support. With a more responsive set of upstream supports, the appropriate role of child welfare could—and should—be more targeted and effective.

A Blueprint for Child Welfare Financing and Accountability Reform: Six Reforms that Chart a Better Course for Child Welfare

Reform 1: Create a new federal formula grant by consolidating existing federal funding streams to better support the core functions of state and tribal child welfare agencies.

The working group believes that consolidation of federal funding streams would drive multiple needed improvements, including improving children’s safety, reducing unnecessary child welfare interventions, easing administrative burdens, and fostering greater innovation and accountability. This approach would also provide a fiscal incentive for states to limit the most restrictive care (group care and residential treatment) to those who truly need it.

The formula grant draws on key features of other financing reform approaches. It brings to child welfare the flexibility, administrative simplicity, and cost certainty associated with a block grant, along with the funding predictability and shared responsibility of an entitlement program. The proposed grant would accomplish several things: It would create a fair and balanced fiscal partnership that contains incentives to achieve better outcomes. It would, by replacing multiple federal child welfare funding sources with a consolidated grant, simplify how states and tribes access federal funding and provide the flexibility they need to tailor their investment to meet communities’ unique and shifting needs. And it would, through the simpler financing structure, significantly reduce administrative burdens.

For core child welfare functions—including intake of child abuse and neglect reports, investigations, case management, and, when necessary, placement of children in foster care—states currently receive federal funding through [several different programs](#). The proposed formula grant takes child welfare financing in a new and improved direction by consolidating multiple federal funding streams, including Title 1 of the Child Abuse Prevention and Treatment Act (CAPTA) and Title IV-B (Parts 1&2) and Title IV-E Foster Care (maintenance and administration) of the Social Security Act.

The formula grant represents a shift away from a financing model in which the largest portion of federal funds reimburses states for a limited set of services, to a model in which states can use federal funds flexibly up to an allocated ceiling of federal investment. Currently, federal reimbursement for a portion of state expenses for foster care is uncapped. But federal funding for efforts to keep children out of foster care is capped and at a level much lower than what states receive for foster care. In 2023, federal foster care expenditures totaled \$5 billion, while the funding for Child Protective Services was less than \$600 million. This imbalance and lack of flexibility significantly limit states' ability to align investment with local needs. In addition, the current federal financing rules require states to complete an outdated, burdensome, and expensive¹ eligibility determination process that wastes resources that could be otherwise spent on meeting the needs of children and families.

In recommending this policy change, the working group's position is that each state's or tribe's formula allocation should reflect historical spending so that all states and tribes would initially receive no less than they would expect to receive if current law continued. Likewise, the working group recommends that to be eligible for the new formula grant, states would have to maintain their historical levels of investment in child welfare. The working group concluded that any formula that does not at least partially rely on historical spending would create sizable winners and losers in terms of how much states would receive compared with the status quo.

1a: States that historically have received low levels of federal reimbursement compared with states with a similar level of need should receive an adjustment to their base allocation.

Because of the arcane eligibility standard for federal foster care reimbursement, some states (particularly poor states) with high demand for child welfare services have historically received less federal reimbursement than other states, despite having a higher reimbursement rate for foster care maintenance payments. For example, while on average states have received about \$500 per poor child in their state from CAPTA, Title IV-B, and Title IV-E Foster Care, the range among states is vast, with some states receiving less than \$200 per poor child while others receive more than \$1,400.

1b: Formula allocations should be adjusted periodically to reflect changes in the costs that states incur in providing child welfare services.

As the formula grant consolidates funding from what is now an open-ended entitlement, the working group believes that the size of the formula grant should reflect changes in cost over time. While the cap on federal investment

¹ States expend \$200 million each year in just federal resources to complete eligibility determination for foster care expenses. [I don't follow this. Do you mean: States expend \$200 million of federal funding annually just to determine eligibility for foster care?] Eligibility for federal reimbursement is tied to whether the birth parents of the child placed in care would be eligible for the states' 1996 Aid to Family with Dependent Children (AFDC) if it still existed today.

would provide states a financial incentive to control costs and use funds effectively, allowing for growth will ensure that the real value of the federal investment does not decline over time.

1c: Existing federal accountability mechanisms should be replaced with an alternative that ensures transparency, focuses on child and family outcomes rather than process measures, and promotes shared responsibility between child welfare and other parts of the larger social safety net.

In addition to the financial constraints and complexity of existing federal child welfare funding streams, the extensive set of rules from the different federal funding programs imposes duplicative, ineffective, and inadequate [federal accountability](#) for states' use of federal funds. The working group believes that maintaining the federal-state partnership in child welfare is vital, and that policymakers should clearly define the unique roles of each, with a shared focus on improving outcomes for children and families.

The federal government should incentivize, motivate, and support states rather than stressing punitive accountability. The primary source for state accountability comes from their own communities. Recognizing that measuring performance is extremely difficult, and comparing performance across states is even more challenging given the different contexts, the working group suggests that federal accountability focus on building the necessary infrastructure for continuous quality improvement and required transparency.

The federal government should replace the existing Child and Family Services Reviews with a more outcome-focused approach that is more timely, effective, and less cumbersome. The working group recommends creating a dedicated office or entity to continuously assess the effectiveness of state child welfare approaches and family outcomes and to oversee the development and implementation of effective accountability mechanisms, with significant input from state leaders and affected populations.

The new approach should help decision-makers better understand real-time system performance and where opportunities for improvement exist, but it should also offer tools, training, and resources to help systems deliver safe, high-quality services. At a minimum, states should be expected to provide detailed child-level data that are longitudinal, include information on services provided, and link child welfare activity with other systems to track outcomes. The federal government should be required to regularly report on state data collected and make state data (with proper privacy protections) widely accessible for others to analyze.

Reform 2: Create a formula grant to support the core functions of state and tribal family courts.

The important role of courts in overseeing child welfare cases and determining permanency (and other) outcomes is not adequately reflected under current federal child welfare financing. In their examination of the courts, working group members found that limited judicial capacity often creates bottlenecks and can contribute to poor decisions.

The existing Court Improvement Program (CIP) offers some support for family courts, but the working group argues that the preparedness, capacity, and level of investment in family courts should reflect the magnitude of the role they play in the child welfare system—and the lasting and significant impact court decisions can have on families and their children. The working group believes that the federal government has historically underinvested in the judicial side of the child welfare system, and that the courts' resource constraints contribute to court-related barriers to achieving better outcomes for children and their families. The working group recommends that the formula grant require additional state investment and a state match, but at a level that does not prevent states or tribes from using their full federal allotment of funds.

2a: State and tribal courts receiving the formula grant should be required to develop family court plans in coordination with state child welfare agencies that document judicial practices ensuring families can appropriately and fairly participate in court hearings.

The aim of the proposed formula grant is to establish an appropriate focus and expectation on the courts and improve the coordination between child welfare agencies and the judicial system. Improved coordination can prevent the unnecessary removal of children from the home or their being removed longer than needed, while also ensuring that those truly at risk of harm are protected. This approach could also help achieve more timely permanency.

2b: States and tribes receiving formula grant funds should be required to ensure that all parents and children involved with child welfare agencies and family courts are afforded legal representation.

The working group believes that legal representation is an essential component of due process and can protect families from a potentially overreaching bureaucracy. Parents facing the potential loss of their children in dependency courts across the country should be afforded the same universal right to counsel as defendants in criminal proceedings.

Quality legal representation can help ensure that reasonable and active efforts are made to prevent removal, that parents and youth are engaged in case plans, and that timely efforts are made to finalize permanency. Research shows that legal representation positively affects outcomes for both children and parents, leading to 1) more timely permanency (including reunification, adoption, and guardianship); 2) more-individualized case plans and better access to services;

3) more frequent and timely family visitation; 4) better judicial decision-making; and 5) cost savings for child welfare agencies due to reduced time children spend in foster care.

2c: The formula grant should require expanded data collection and transparency to hold courts more accountable.

States and tribes receiving formula grant funds should be required to report data on key court processes and outcomes and provide transparency of court records (while also ensuring child and parental privacy).

2d: States and tribes receiving formula grant funds should be required to meet annual standards for the training of judges and attorneys that are specific to child welfare proceedings.

Training of court personnel is uneven, and research shows that the quality of court proceedings is highly inconsistent.

Reform 3: Extend the focus on evidence-based services, established by the Family First Prevention Services Act, across the child welfare continuum and expand the scope of these services to better meet the needs of children and families.

The working group believes that a results-focused approach will enable states and tribes to make significant gains in meeting the wide-ranging needs of children and families involved with, or at risk of involvement, with the child welfare system. Extending the use of evidence-based services across the child welfare continuum will appropriately connect more children, youth, and families to the types of services that offer the most promise for helping them heal from trauma; will reduce foster care entries; will increase reunifications; will better meet the needs of older youth in care; and will increase the stability children experience both in care and post-permanency.

Passage of the Family First Prevention Services Act in 2018 is a celebrated milestone in child welfare policy and has spurred important shifts in child welfare systems: The legislation expanded the Title IV-E entitlement—allowing states to seek reimbursement for targeted prevention services for children, who were otherwise likely to enter foster cares—and imposed new restrictions on states’ ability to claim reimbursement for unnecessary or non-therapeutic residential care. But Family First’s initial impact has been less than what policymakers envisioned. Drawing on lessons learned from [implementation](#) and envisioning greater impact for families across the child welfare continuum, the working group urges improvements that 1) clarify and expand who is eligible to receive Title IV-E funding for prevention services; 2) update how “evidence-based” is defined and what services should be eligible for federal reimbursement; and 3) enforce current Medicaid law and specify allowable ways for child welfare agencies to better coordinate with Medicaid, including Medicaid managed care plans, to improve vital services funded under Title IV-E. With these modifications, current requirements for states’ matching of federal IV-E prevention funding can be maintained, the working group believes.

3a: Clarify and expand who is eligible to receive Title IV-E prevention services.

Family First currently defines eligibility as an individual child who is a “candidate for foster care,” “at imminent risk of foster care entry,” and “if not for this service the plan for the child is foster care.” Federal guidance notes that “states and tribes have the flexibility to define and operationalize the concept of ‘imminent risk’ in a way that fits within the scope and goals of the agency’s five-year Title IV-E prevention plan, consistent with the statute.”² As a result, state definitions of “candidacy” vary, with some states establishing candidacy

² Children’s Bureau, “8.6B. Eligibility,” Office of the Administration for Children & Families, Department of Health and Human Services. Available at: <https://cwpm.acf.gov/citations/title-iv-e/title-iv-e-prevention-services-program/eligibility>.

to include children who meet an array of risk factors (and defining “candidacy” in ways broader than previously allowed under Title IV-E).

SUPPORTING BIRTH PARENTS

Workgroup members agreed that the child welfare system often fails to meet the needs of birth parents. The group recommends:

- Protecting birth parents’ rights through guaranteed legal representation.
- Holding courts more accountable to ensure that families can appropriately and fairly participate in court hearings.
- Supporting community-based agencies trusted by parents to meet their needs when children are at high risk of maltreatment, but child welfare agency involvement is not warranted.
- Expanding the service array under Family First to help meet the diverse needs of birth parents and aid in reunification.

Working group members deliberated extensively about how to maximize the vision of Family First, while also right sizing the role and responsibility of child welfare agencies. Although working group members agreed that receipt of services reimbursable under IV-E should not require child welfare involvement, they similarly agreed that child welfare should not take on the responsibility of providing primary prevention services (members also noted that Family First was intended to safely prevent at-risk children from needing to enter foster care). Working group members expressed concern that by allowing the provision of primary prevention services under Family First and thereby expanding the reach and responsibility of child welfare, an unintended magnet effect could result.

In other words, families in

need of primary prevention may become involved with child welfare agencies to access services even though the child is not at risk of, or experiencing, abuse or neglect. At the same time, the working group believes that families with complex needs, specifically those associated with family instability that can lead to child welfare involvement, should not have to be referred to CPS to receive evidence-based services. The working group recommends that states only be allowed to claim IV-E for services provided to families involved with child welfare or who have complex needs that foreshadow involvement.

The working group recommends that states be allowed to claim IV-E to support evidence-based services for children in foster care (and their parents, guardians, and foster caregivers). Under current Family First provisions, evidence-based services are limited to children at-risk of entering foster care, which restricts opportunities to meet the needs of children already in care. The working group identified significant potential for improved outcomes if evidence-based interventions were extended across the full continuum of child welfare, including services that support healing among children and youth, strengthen parent–child relationships, promote successful reunification (especially for very young children), and assist youth as they transition from foster care to young adulthood. A central motivation for this recommendation is the concern that many children in foster care, particularly those with high needs, have significant unmet needs and are not receiving the services necessary to recover and thrive.

3b: Give states and tribes wider latitude in defining evidence-based interventions that address their specific needs and eliminate bureaucratic inefficiencies.

Under Family First, states and tribes can seek reimbursement for a narrow set of services—evidence-based mental health treatment, substance use disorder treatment, and in-home parenting skills programs. The determination of “evidence-based” is made by a federally supported Title IV-E Prevention Services Clearinghouse.

The working group believes that states should be able to seek reimbursement for a broader array of evidence-based services that are related to keeping children out of foster care, helping them reunify, or helping them heal from trauma and achieve stable permanency. In addition, the working group believes that the existing process for securing federal approval of services as “evidence-based” (the Clearinghouse) is cumbersome, is idiosyncratic, and impedes states from meeting the needs of children and families in their states. This system should be replaced with a nimbler process for reviewing evidence that puts states in the lead.

Rather than relying on a one-size-fits-all Clearinghouse to approve programs as is currently the case, the working group suggests allowing states to propose evidence-based services, programs, or interventions for which they seek reimbursement. States would be required to submit evidence to support the efficacy of the interventions, and data that demonstrates why states believe that proposed interventions would reduce child welfare involvement or improve outcomes of child welfare-involved children and families. An expert panel created by the Department of Health and Human Services (HHS) should review the data and evidence provided by states. This panel would eliminate the need for a Clearinghouse. In assessing the states’ evidence, especially for prevention services that require voluntary engagement, the expert panel should consider how states engage and consider the input of those directly affected by child welfare in the development of their services plan. States should receive

reimbursement for previously approved services and programs in states' Family First prevention plans (through the IV-E Clearinghouse) without needing to resubmit for approval to the expert panel, but they would still be required to collect data to assess the impact of programs implemented.

To hold states accountable, ensure that approved evidence-based interventions are implemented effectively, and promote continuous improvement, states should be required to provide detailed data on the services provided to children and families and the outcomes achieved while also making sure that individual privacy is protected (including limiting information that is collected to what is needed for evaluation purposes).

3c: Leverage and strengthen existing Medicaid coverage under EPSDT to meet the complex needs of children in foster care and improve coordination between Title IV-E and Medicaid to prevent children from coming into state custody to access services.

All children in foster care are eligible for Medicaid. Since the beginning of Medicaid in 1967, states have been required, under the early and periodic screening, diagnosis, and treatment (EPSDT) provisions, to provide “medically necessary” services identified through screenings to support the health and well-being of a child or youth under the age of 21. These services must be provided even if they are not otherwise among those in a state’s Medicaid plan.³ However, the law and existing regulations lack clarity as to what “medically necessary” services means, especially in the behavioral health context, and these services are not required to be provided as a continuum of care or with continuity of care. Although child welfare agencies should theoretically be able to rely on Medicaid to meet the needs of the children and parents they serve, in practice, child welfare agencies often struggle to access services in the same way that parents struggle to meet the needs of their children.

The working group recommends that the Medicaid statute be amended to specify a minimum continuum of medical and behavioral health services eligible under EPSDT for children who have been designated as “children with complex behavioral or medical needs.” At a minimum, each of the following treatments should be available through Medicaid as part of EPSDT when they are deemed medically necessary and without requiring the family to place the child in state custody: 1) mobile crisis intervention services, 2) crisis stabilization services, 3) conflict-free enhanced care coordination using high-fidelity wraparound, 4) family therapy, 5) individual counseling for children, 5) intensive in-home child and family interventions, 7) therapeutic

³ Section 1905(r)(5) of the Social Security Act provides that EPSDT include “such other necessary health care, diagnostic services, treatment, and other measures described in section 1905(a) to correct or ameliorate defects and physical and mental illnesses and conditions discovered by the screening services, whether or not such services are covered under the State plan.” See also Centers for Medicare & Medicaid Services, *EPSDT: A Guide for States*, June 2014. Available at: <https://www.medicaid.gov/medicaid/benefits/downloads/epsdt-coverage-guide.pdf>

foster care, 8) respite care, and 9) clinically indicated residential treatment.⁴ Medicaid delivery systems vary across states, and federal policymakers should ensure that implementation of these changes takes into account that variation and ensures that states have sufficient time, resources, and guidance to adjust.

The working group believes that Medicaid and child welfare must work collaboratively to meet the needs of children with complex behavioral and medical needs and prevent families from coming into the system unnecessarily to access supports. At the same time, working group members recognize that children and families involved with child welfare might require a more intensive intervention. Existing law requires child welfare and Medicaid to have health coordination plans, which outline various expectations for health services, such as screenings and medication.

While child welfare and Medicaid are required to coordinate, many states and private service providers have noted significant challenges in simultaneously navigating Medicaid and Title IV-E financing under Family First requirements, challenges that both impose administrative burdens and lead to delays or denial of necessary care. There is considerable (and appropriate) overlap between the services that states could include in their Medicaid plans and the services that Title IV-E may support. Under Family First, Title IV-E is considered the payer of last resort.

The working group recommends that states be allowed to co-mingle (braid) IV-E and Medicaid funds when providing services in a state's approved Medicaid plan for "children with complex behavioral/medical needs." States should be explicitly permitted to claim IV-E for a portion of the additional cost of enhanced services for these children beyond what Medicaid provides for other children.

⁴ The working group noted that to avoid families seeking services through child welfare, listed treatments should be made available through private health insurance plans.

Reform 4: To strengthen the focus in existing law on promoting family connections and permanency for all children and youth in foster care, align federal financing with a range of permanency options and attend to the unmet and unique needs of youth who exit care without being connected to permanent families.

For years, federal child welfare law has made clear that foster care is meant to be a temporary safe haven—not a place for children to grow up. The guiding idea is that when children cannot safely remain at home, agencies should take steps to protect them, but they also must work quickly to help children return home safely or find another permanent family.

The working group shares a firm belief that every child deserves a safe, stable, and permanent family, and that targeted realignment of federal child welfare financing is part of the solution to achieving better permanency outcomes for children in foster care. The working group agrees that federal financing

SUPPORTING PERMANENCY

Federal law recognizes the fundamental need for children to have permanency—to feel that they have a stable, permanent, and loving family. Recognizing that periods of instability are traumatic for children, federal law encourages states to achieve timely permanency for children. At the same time, federal law also recognizes the importance of maintaining family connections by prioritizing and requiring states to make “reasonable efforts” to support reunification. Likewise, federal law urges states to prioritize placement with family or kin when children cannot remain with their parents.

The reforms recommended by the workgroup seek to address the myriad challenges child welfare agencies face in achieving desired permanency outcomes. Investing in courts and making them more accountable will ensure that parents have due process in permanency hearings while also eliminating unnecessary delays. Extending the eligibility for evidence-based services to include children in foster care (and their parents) will help agencies make reasonable efforts and promote reunification and successful adoption. The recommended state innovation grant program will help agencies and courts test new approaches for achieving permanency, including targeted interventions for populations that states have struggled to serve, such as older children free for adoption, children with incarcerated parents, children with disabilities, and drug-exposed infants. Investing in the specialized training of caseworkers, judges, and attorneys will improve the quality of permanency deliberations.

should continue to support different pathways to permanency as currently allowed under federal law and that improved federal funding alignment with permanency options will help ensure timely permanency. This entails removing disincentives to permanency, improving the stability and quality of permanency outcomes, and investing in programs that nurture greater healing and opportunity for older youth so that they can succeed in relationships following their time in foster care.

4a: Eliminate possible disincentives to permanency.

Guardianship and adoption payments help remove financial barriers that might otherwise prevent relatives or adoptive parents from providing permanent homes. Many children in foster care have special needs, trauma histories, or ongoing health or behavioral challenges that require extra support. Subsidy payments help families meet those needs by offsetting costs for medical care, therapy, clothing, or specialized services. They also communicate a broader message that families who step forward to care for children are not alone, and that permanency is a shared public priority.

MEETING THE NEEDS OF OLDER YOUTH

Older youth at risk of and in foster care pose unique challenges for child welfare agencies, because they often enter care with significant health, mental health, and educational needs. Each year, nearly 20,000 youths age out of foster care, typically around age 18, without being connected to a permanent family either through reunification, guardianship, or adoption. The workgroup believes that the combination of recommendations they propose can help child welfare agencies better tailor their response to older youth.

Older youth need specially trained caseworkers, a greater voice in their own planning (including in court), and interventions proven to address their needs. The workgroup's recommendations will improve outcomes for youth by providing states with greater flexibility, investing in both the child welfare and judicial workforce, and incentivizing investment in evidence-based interventions and the testing of new models. The recommendations hold states more accountable for outcomes (multisystem outcomes), not just process measures.

Youth, like all children, also need permanency. The recommendations remove disincentives to permanency and extend support past age 18 to better reflect the support children typically receive from their parents. For youth who do not achieve permanency, the recommendations seek to help youth transition to adulthood by providing support for the essential elements they need for independence—education, employment and

The working group recommends that guardianship and adoption assistance be maintained as open-ended entitlements under Title IV-E. To eliminate any unintended disincentive, guardianship assistance should be delinked from eligibility to Aid for Families with Dependent Children (AFDC), as has already been done for Adoption Assistance and for IV-E prevention services. Similarly, states should make adoption and guardianship assistance payments comparable to their foster care rates to prevent any disincentive for permanency through adoption or guardianship. In addition, states should extend adoption and guardianship assistance through age 21 for children who achieve permanency after age 14.

4b: Ensure the stability and quality of placements post-permanency.

Although comprehensive data on the long-term stability of children following permanency is lacking, the available evidence suggests that instability is not uncommon. Title IV-E prevention funds are available to support children and their caregivers post-permanency, yet few states currently draw on federal funds for this purpose. One barrier is that child welfare agencies may not be aware of challenges or needs for support that arise after permanency, especially when children are adopted or in guardianship arrangements. Many children experience complex behavioral health challenges after they leave foster care. The working group recommends that states be required to conduct annual wellness checks of children as a condition of IV-E reimbursement for subsidy payments.

4c: Ensure that children who were never placed in a permanent family can continue to rely on agency support until age 21.

Sadly, each year, nearly 20,000 youths exit foster care, typically around age 18, without having been connected to a permanent family either through reunification, guardianship, or adoption. For those who turn 18 in state custody, research shows that youth outcomes in multiple domains of life—including education, work, health, and housing—are improved by being able to remain in foster care. Drawing on existing state approaches, the working group recommends that all states allow youths the option to remain in care until age 21 and permit those who exit care after 18 the option to re-enter care until age 21.

4d: Provide dedicated support to youths and young adults during and after their time in foster care to address their unique needs and to mirror the types of support they would have received had they been adopted or joined a family through guardianship.

The complex needs of youths in foster care were a central focus of the working group throughout its deliberations. As mentioned above, each of the working group's recommendations for new policy directions would positively affect the experiences and outcomes of youths (see text box). In addition, given the complexity of youth issues and ongoing concern about poor outcomes among youths and young adults across all domains of life, the working group urges

policymakers to modernize the John H. Chafee Foster Care Program, which provides funding to states to help youths transition to independent adulthood, and the Education and Training Voucher (ETV) program to ensure they deliver more measurable, meaningful results for youth and young adults.

Over the past two decades, Congress has enacted a series of important policies recognizing the unique needs of youth and young adults as they journey through foster care and into adulthood. These policies included ensuring Medicaid coverage through age 26, access to Foster Youth to Independence (FYI) housing vouchers, and extended foster care. Congress also sought to provide disincentives for inappropriate group placements and to require youth-centered case and transition planning that elevates young people's voice and agency in decisions about their lives. Yet, despite these thoughtful efforts, the outcomes for many young people in care remain deeply concerning, with too many experiencing housing instability, involvement with the juvenile justice system, interrupted education, or weak connections to supportive adults.

In this context, Congress should strengthen the Chafee and ETV programs to ensure that investments bridge the gap between policy aspirations and real-world outcomes. The working group is dissatisfied with the status quo of the Chafee Program, given the limited evidence, after more than 20 years, about which Chafee-funded interventions are most effective. This situation signals the need for modernization and a stronger federal commitment to accountability, coordination, and learning.

In contemplating reforms, the group supports Chafee-funded services for teens and young adults ages 14 through 26, with a focus on developmentally appropriate supports as youths age and their needs evolve. Reforms should ensure that Chafee and ETV funding is used strategically to fill service gaps, better align with other youth-serving systems, and generate actionable, measurable evidence about what works to improve young people's health, housing stability, education, and lifelong connections. This could include using Chafee funds to establish Individual Development Accounts that give young people the flexibility and authority they need to use resources to meet their unique needs and to help them succeed in school or the workplace. States should not be permitted to use Chafee for administrative expenses.

Chafee and ETV reforms also should complement and integrate with the reforms called for throughout this policy framework, meaning that states should have the flexibility to utilize a portion of their Chafee funds to enhance related reforms and innovations, such as youth-specific innovation grants. With thoughtful reforms, Chafee and ETV can fulfill their promise: to be not just sources of funding but also powerful instruments for opportunity, informed practice, and better outcomes for young people on their journey to adulthood.

Reform 5: Federal financing should support state experimentation that demonstrates the ability to sustain proven innovations.

Throughout its deliberations, the working group emphasized that meaningful progress in child welfare requires a deliberate and sustained commitment to innovation. The group sees innovation as an essential tool for problem-solving and accountability. Without intentional investment in experimentation, the working group believes that the current system will remain locked in familiar patterns, unable to adapt to emerging needs or to generate new evidence where gaps persist.

The working group believes that ongoing experimentation will help address many of the persistent challenges that states and tribes face—such as safely supporting infants and families in crisis; promoting care for children in family-based settings and within their community; achieving timely permanency for older youth; and meeting children’s mental health needs through cross-sector collaboration. As such, the working group recommends that federal financing should encourage and support testing, evaluating, and scaling winning approaches to improving outcomes for children and families.

Although the working group believes that states and tribes are best positioned to identify priority areas for innovation and propose locally driven solutions, the federal government has an important leadership role to play as well. HHS should proactively articulate outcome areas where improvement is needed, invite proposals that align with those goals, and ensure that successful models can be sustained and spread. In this way, federal financing can function not only as a funding mechanism but also as a catalyst for problem-solving, continuous learning, and system transformation.

Working Group members reflected on lessons learned from prior child welfare demonstration projects (including pilot programs and IV-E waivers) and discussed the progress and limitations of those innovative efforts. The group concluded that future efforts should build on those lessons with a modernized strategy that makes innovation a permanent feature of the federal financing framework. In designing this framework, the working group encourages HHS to look to other models of innovation infrastructure, such as the Centers for Medicare and Medicaid Innovation (CMMI) and the Defense Advanced Research Projects Agency (DARPA), which demonstrate how strategic investment in research, testing, and rapid-cycle learning can yield breakthroughs that improve outcomes and accountability. Child welfare deserves the same commitment to discovery and continuous improvement.

5a: A new federal investment is needed to support innovation.

Members noted that additional federal investment is needed to spur innovation (compared to the cost-neutral approach of waivers) and recommend the creation of a competitive state innovation grant program. The level of federal investment should provide ample resources to achieve positive impacts, and it may vary based on the magnitude of the underlying issues that innovations seek to address and the potential for cost savings and improved outcomes for children and families. Members also suggested that any matching funds required to receive federal innovation funds be low enough to promote robust state/tribal participation. The working group recommends that states and tribes that commit money from other (nonchild welfare) systems receive priority for innovation funding.

ACCOUNTABILITY FOR QUALITY IMPROVEMENT

Workgroup members agreed that existing federal accountability methods are ineffective, unreliable, overly process focused, and unduly burdensome. Their recommendations seek to help states make better data-driven decisions and to achieve continuous quality improvement by:

- Providing fiscal incentives to reduce unnecessary foster care placements and serve children in the least restrictive setting.
- Enhancing transparency of data on agency performance.
- Maintaining core protections for children and parents while designing new outcomes-focused data collection mechanisms and measures.
- Engaging those with direct experience in the selection of evidence-based interventions and innovations to test.
- Investing in centralized, high-quality evaluations.
- Focusing on outcomes and continuous quality improvement rather than process and compliance measures.
- Supporting improved data collection and cross-system data linking by child welfare agencies, courts, and system partners.

5b: Evaluation of newly funded innovations should be centralized, directed, and financially supported by HHS.

Members recommended that the federal government be responsible for evaluating innovations. Making HHS responsible for selecting and paying for the rigorous evaluation of innovations that have been implemented will ensure adequate resources for high-quality research; this would also limit

investment to only those proposed innovations that can be effectively evaluated or have the enhanced ability for cross-site evaluation and transparency of evaluation findings.

5c: Federal funds should be available to sustain successful innovations after the initial testing.

Specifically, the working group recommends that innovations proven to be effective through rigorous evaluation be considered approved for IV-E prevention funding for any state that includes them in its plan.

Reform 6: Establish a new role for federal leadership in improving the quality of child welfare.

The working group believes that this approach is needed to support essential infrastructure development, to alleviate some of the burden placed on states and tribes, and to enable much greater capacity to measure outcomes and hold states accountable.

The working group recommends that the federal government take more of a leadership role in addressing challenges that many states face in providing high-quality child welfare services, especially in those areas where federal leadership and coordination can benefit all communities. The working group believes that, initially, this federal leadership should focus on supporting states' efforts to 1) recruit and maintain a quality workforce, which includes workers with specialized skills needed to work effectively with children, youths, and families across the continuum and with other specialization; and 2) improve states' use of data and technology to improve accountability and support continuous quality improvement.

6a: The federal government should create a National Child Welfare Workforce Academy to set standards, provide specialized training, and professionalize and create a career ladder for those who perform the work of child welfare.

Working group members noted that while maintaining a quality workforce has always been challenging for child welfare agencies, the situation today could reasonably be described as a "crisis." Agencies are finding it harder to recruit and retain workers, leading to high vacancy levels, which puts additional pressure on those workers who remain.

High staff turnover leaves the child welfare workforce with many inexperienced workers who lack the skills and experience required to make sound decisions about complex family situations. Key caseworker positions require specialized skills or knowledge, such as conducting investigations, supporting kinship caregivers, working with older youth, and focusing on permanency. Members noted that low pay, high stress, and a lack of professionalization of the field of child welfare are all significant challenges. In considering the appropriate role for the federal government to take in supporting the child welfare workforce, members looked to the Bureau of Health Workforce under the Health Resources and Services Administration (HRSA) as a potential model.

The proposed academy should be responsible for creating practice standards and developing and implementing a set of skills-based certification classes that are specific to core functions of the child welfare workforce and/or support development of evidence-based programs.

6b: The federal government should help states and tribes improve recruitment and retention of the child welfare workforce through financial incentives.

The federal government should consider expanding and enhancing the existing loan forgiveness program for professionals working in the child welfare system, reducing the time required before loans are forgiven and allowing non-social work degreed caseworkers to benefit. In addition, direct payments to child welfare workers (e.g., through tax benefits) could enhance recruitment and retention in identified “service deserts.”

6c: The federal government should create a National Child Welfare Data, Measurement, and Technology Center to help states and tribes improve their ability to improve accountability and utilize emerging technologies.

For 25 years, federal funds have been available to help states build automated child welfare data systems.⁵ Despite recent changes to make data system implementation easier and more effective, including interstate data exchanges, states continue to struggle to develop and maintain effective systems. Working group members stressed the critical need to link child welfare data with other state systems to inform management decision-making, track child and family outcomes, and hold states accountable for federal investments. Yet most states have limited capacity to link data across systems or understand the longitudinal experiences of families. As a result, child welfare accountability is overly focused on compliance and process measures. Little information is available to state leaders to understand the impact of the services provided or to help guide efforts to improve service quality.

States are starting to investigate whether and how artificial intelligence and other technological advances can benefit child welfare agencies, including opportunities to reduce workers’ administrative burdens and allow them to spend additional time directly interacting with children and families. Working group members recognize the potential for technology to assist child welfare agencies but fear that without federal leadership, states’ identification, adaptation, and adoption of technology solutions will be slow and haphazard.

The recommended center should help states and tribes 1) maintain integrated child welfare data systems that can effectively measure the quality of services provided and track outcomes for children and families; 2) link child welfare data with other systems (while protecting confidentiality); 3) implement Continuous Quality Improvement, Quality Service Reviews, and other accountability tools and processes; 4) employ AI and other technologies to reduce workers’ burdens and improve the overall quality of child welfare interventions.

⁵ Initially federal funds were available to support the development of State Automated Child Welfare Information Systems (SACWIS); federal funds now also support Comprehensive Child Welfare Information Systems (CCWIS).

Conclusion

These recommendations were released on December 11, 2025, in conjunction with a [virtual event hosted](#) by the Bipartisan Policy Center. In the coming months, working group members will continue sharing these recommendations at stakeholder events to engage policymakers and the broader child welfare community in discussions about how improved financing, flexibility, and accountability can strengthen safety, permanency, and well-being. Please direct your questions or comments about this report to Rob Geen, BPC Fellow, at rgeen@bipartisanpolicy.org



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