

## The Issue

The current child welfare financing structure does not support the desired outcomes and goals of the system. For example, the majority of federal funding for child welfare programs is targeted toward out-of-home care, with a much smaller portion of federal funds focused on services that protect child safety, prevent the need for out-of-home placement, promote family stability or reunification when appropriate, and promote adoption. Further, although federal funding for foster care assistance through Title IV-E has grown significantly, funding for front-end and preventive services, such as those funded through Title IV-B has remained stagnant.

## NGA's Position

Governors support the goals of safety, permanency, and well-being for all children who come into contact with the child welfare system, and are committed to accountability to ensure positive outcomes for children and families. Despite significant progress in recent years, Governors believe that changes to the current system of child welfare financing could help further improve states' ability to provide critical child welfare services to families. While maintaining the Title IV-E entitlement, Governors believe states should be given greater flexibility in the administration of child welfare programs and in deciding how Title IV-E dollars are spent. Greater flexibility would allow states to develop a more coordinated approach to serving children and families. The financing structure and current challenges of the child welfare system have become increasingly complex, and these new complexities call for reform. Governors urge Congress and the Administration to explore options for greater funding and administrative flexibility for state child welfare systems while maintaining the Title IV-E entitlement and the protections for children contained in federal law. Any change in the financing structure of the child welfare system should be developed in consultation with states. Options for change could include, but are not limited to, the following:

- Increase waiver authority;
- Expand the allowable uses of Title IV-E funds;
- Eliminate the outdated "look-back" provision for determining eligibility for federal funds;
- Encourage flexibility to address substance abuse and mental health issues;
- Encourage greater collaboration with the courts;
- and Encourage kinship care through federal reimbursement.

## Current Status

The administration's budget request for FY 2003 includes a number of provisions related to child welfare. Specifically, the budget request includes \$505 million for the PSSF program in FY 2003, which includes \$305 million in mandatory funds and \$200 million in discretionary funds. This would be a \$130 million over what was provided in FY 2002.

In response to criticism that child welfare programs are often complex and inflexible, the budget documents make reference to the administration's interest in "reviewing the way child welfare services are structured and financed", and mention the administration's plans to have discussions with interested parties on this issue in the year ahead.

Rep. Wally Herger (R-Calif.), chairman of the House Human Resources Subcommittee, included a number of provisions related to child welfare in legislation to reauthorize welfare reform. H.R. 4090, the Personal Responsibility, Work and Family Promotion Act, would make changes to current child welfare waiver authority by lifting restrictions on the number of waivers that could be approved each year and on replication of waivers. The bill would also prohibit the Secretary of Health and Human Services from imposing limits on the number of child welfare waivers granted to a state. The bill was renumbered as H.R. 4737 and approved by the House on May 16, 2002 by a vote of 229-197.

Similar child welfare waiver provisions are included in welfare reform reauthorization legislation that was approved by the Senate Finance Committee on June 26 by a vote of 13-8. Senate leadership has not yet set the floor schedule for consideration of the Work, Opportunity, and Responsibility for Kids (WORK) Act. 10/02