

**Statement of Dianne Edwards, Director
Sonoma County Human Services Department, California
On behalf of the
County Welfare Directors Association of California**

**Subcommittee on Human Resources
House Committee on Ways and Means**

Hearing on Foster Care Flexible Funding Proposal

June 11, 2003

Good afternoon, Mr. Chairman and Members of the Subcommittee. I am honored to be here today to give the local-level perspective on the Bush Administration's foster care proposal. I am Dianne Edwards, Director of the Human Services Department in Sonoma County, California. I am a past president of the County Welfare Directors Association of California (CWDA), currently serve as chair of CWDA's Legislative Committee, and am also Vice President of the National Association of County Human Services Administrators (NACHSA).

Each of California's 58 counties operates its own child welfare, foster care, and adoptions programs, with oversight from the state and federal governments. We are one of a dozen states where counties operate foster care. In recent years, we have seen a trend toward increased public scrutiny of the child welfare system, not just at the state and federal levels, but also from the courts, the media, and foster children and their families. This increased attention has led to a multitude of ideas for reinventing the system. As you will hear often during your examination of this issue, one of the most promising practices is that of increasing "front-end" prevention services for families in order to reduce their further involvement with child protective services.

Prevention is not a new concept, but the sharpened focus on front-end services is a significant change. Past efforts to increase these services have been hampered by a lack of flexibility in the federal child welfare financing structure. For example, the funding we receive through Title IV-B can be used for a wide range of activities to protect and reunify families, but it is an insufficient allocation that most California counties exhaust in the first three months of each fiscal year. We spend the rest of the year scrambling to patch together services using other limited and less flexible funding sources. At the same time, we are required to evaluate federal Title IV-E eligibility for every child who enters foster care, using outdated rules from the Aid to Families with Dependent Children (AFDC) program. Because these rules have not been updated since 1995, the number of eligible California children has dropped by 4 to 5 percent over the past several years. This decline is expected to continue if nothing is changed, with counties covering a greater share of the costs for these children.

For these reasons, counties generally support increased flexibility in the use of Title IV-E funding. That said, we have concerns with provisions of the administration's proposal that would actually limit our flexibility to administer child welfare, rather than increase it. Much of the proposal, especially the elimination of the AFDC look-back requirement and the ability to use Title IV-E funds for some front-end services that are not presently covered, could lead to major improvements in child welfare. But this is not the time to limit federal funding for foster care, staff training, program operations, or automation. In particular, we fear that the budget neutrality requirement will limit our ability to spend more money on prevention activities and staff training over the long-term. This would make it very difficult, if not impossible, for us to reap the

benefits of increased flexibility. Without assurances that the funds will grow to support the expanded services, rather than diminish over time, we cannot endorse the proposal.

WHY FLEXIBLE FUNDING IS NEEDED

To give you a sense of magnitude, California will spend more than \$4 billion on its child welfare program next year. While county funding currently represents one-quarter of these expenditures, the counties' share may increase to nearly \$1.5 billion in the coming year. Although \$4 billion is a lot of money, counties would need much more in order to offer up-front prevention to all of the families who could benefit from it. Our child welfare workers already carry caseloads that are twice the recommended levels, making it difficult for them to provide services beyond the basic protections to children and families.[1] Mental health and substance abuse treatment programs are also overextended, making these services unavailable to many families.

For years counties have recognized that federal funding should be available to children in need of protection regardless of their parents' income. The federal government should share in the services that we provide to all abused and neglected children, not only those from poor families. Enabling counties to use Title IV-E funds in a more flexible manner, as included in the Bush administration proposal as well as HR 1534, the bill that Congressman Cardin has introduced, would definitely help. If we could use Title IV-E funding to pay for mental health services and substance abuse treatment, we could ensure faster access to needed services. If we could use Title IV-E funding without "looking back" to outdated eligibility rules from a program that no longer exists, we could save administrative costs and direct those funds toward more services for a broader group of families. Congressman Cardin's legislation would also provide new funding

for staff training and retention, substance abuse assessment and treatment, and fiscal incentives for states that achieve better outcomes. Emphasizing these aspects of the child welfare system would further improve the services available to families.

CONCERNS WITH FUNDING PROVISIONS

We support the elimination of the AFDC look-back requirement, but this flexibility comes at too high a price in the administration's proposal. While we agree that increased prevention activities should ultimately reduce the need for out-of-home care, no one knows how fast that reduction will occur. It could very well be longer than the administration's five-year budget neutrality timeline. This uncertainty, though not uncommon in social services programs, is usually accompanied by some sharing of risk among the federal, state, and county governments. In this case, instead of sharing the risk, the administration shifts it entirely to the states and counties. If a state front-loads its funding for prevention activities, it might not see a return for eight or ten years, or even more. During the five-year budget-neutrality window, a state could run out of federal money and be left holding the bill for continuing foster care placements.

From counties' perspective, a better option would be to increase flexibility in the use of federal Title IV-E funding and eliminate the unnecessary AFDC look-back requirements, while maintaining the entitlement nature of Title IV-E. This will enable all stakeholders to share in both the risks and the rewards of providing more prevention and intervention services.

Restructuring child welfare in partnership is particularly important at a time when most states, including California, are entering into plans with the federal government to improve their child welfare outcomes. The expanded services and supports and additional staff training called for in

these plans – and, ultimately, the improved outcomes that all of us seek for children and families – cannot be realized unless Title IV-E is made more flexible and is continued as a stable, dependable funding source for states and counties.

While the proposal would allow states to access the \$2 billion Temporary Assistance to Needy Families program contingency fund under certain circumstances, the current proposal would not enable all states to benefit. Access to the contingency fund should be made more flexible and should also be broadened to allow a county or a sub-state region to receive funding. As we understand the current proposal, the criteria that must be met in order to access the fund are relatively narrow, enough so that a state may not be able to receive funding even when it is dire need. Of particular interest to county-run child welfare systems is the idea of allowing a county or region to access the contingency fund even if the state as a whole cannot. For example, caseloads or unemployment rates in one county may increase sharply, while the rest of the state experiences only minor increases.

Another vital issue for counties is the structure of the state maintenance-of-effort requirement. States should be required to maintain their current level of spending on child welfare programs. We believe the way in which “child welfare” is defined will be of critical importance in ensuring that spending remains in the program. We would be happy to assist in drafting the specific language regarding this requirement.

Further, we recommend that training dollars be kept outside of the flexibility proposal and maintained as an uncapped funding source, as in the current system. In California, counties have

forged many successful training partnerships with universities and community organizations, using the enhanced 75 percent federal matching rate for training activities to improve the skills of our child welfare staff. Increased training will be a key piece of improving county performance on the federal outcomes of safety, permanence, and well-being. The federal government has a stake in ensuring that the changes it hopes to facilitate in state child welfare programs come to pass, and ensuring that funding remains available for this vital function.

Along the same lines, states should not have an incentive to limit the maintenance and operation of their Statewide Automated Child Welfare Information Systems (SACWIS) or to shift funding for these projects to other program areas. We believe that automation funding should not be included in the proposal, in order to ensure continued state commitment to these vital systems. The SACWIS projects ensure more consistent data collection and reporting across the nation, and are a key component of the federal child welfare review system. As such, the federal government has a stake in the continued operation and improvement of these systems.

ADOPTION ASSISTANCE PROGRAM

Additionally, while states opting into the program will be able to forego the time-consuming process of determining federal eligibility for children placed into foster care, they will continue to determine eligibility for adoption assistance using the old AFDC look-back rules. While the rules will be changed to enable states to test at one point in time rather than two, this requirement still will reduce the effectiveness of eliminating the look-back requirement for foster care.

GOVERNANCE ISSUES

At this time, it is not clear what steps a state would be required to take in order to opt into the flexible funding proposal. Given the potentially significant ramifications of opting in, a decision-making process that includes program administrators and other stakeholders is advisable. In states that are county-administered, we ask that the state be required to consult with the statewide association of counties on the advisability of opting into the proposal. In states with county-administered child welfare programs, the county association would also have the right to approve or disapprove the state request for the optional grant. State legislatures should also have the right to approve or disapprove the request.

ENSURING MEDICAID ELIGIBILITY

Currently, children who are found eligible for federal Title IV-E funding are automatically eligible for federal Medicaid reimbursement under Title XIX. This categorical link helps to ensure that foster children receive preventative and acute medical care. Understandably, counties are concerned that removing the look-back requirement for federal Title IV-E eligibility could also jeopardize the eligibility of those children to the Medicaid program. From our discussions with representatives of the administration, we understand that states will be given the option of either declaring all foster children a covered group, or conducting a separate eligibility process for these children. As the cost of allowing states to declare all foster children eligible for Medicaid without a separate eligibility determination process is estimated to be minor, we encourage the committee to preserve this option for states.

CAN STATES TRULY OPT BACK OUT?

While the states opting into the proposal could theoretically opt back out after five years, we are unclear on whether that is truly possible. Would a state have to re-determine Title IV-E eligibility under the old AFDC rules for its entire caseload in order to return to the uncapped funding environment? Would programs operated using flexible Title IV-E dollars be grandfathered in, or would they become state-only programs? Redetermining eligibility would be cost-prohibitive, requiring a significant administrative effort. Further, states and counties would have to decide whether to continue serving non-federally eligible families using their own funding or scale back their programs and services. Neither option would be appealing, even if the national economy has improved by that time.

CONCLUSION

States and counties are working with the federal government to improve program outcomes and ensure safety, well-being and permanence for children and their families. Much of the administration's proposal, especially the elimination of the AFDC look-back requirement and the ability to use Title IV-E funds for front-end services, would enhance the implementation of these program improvement plans. However, we believe that this is not the time to limit federal funding for foster care, staff training, program operations, or automation. The budget neutrality required under the Bush administration proposal could very well serve to limit, rather than expand, prevention activities and training. The federal government should continue to share in the risks of the new prevention-focused strategy, as well as the rewards.

Thank you very much for this opportunity to testify on the foster care funding proposal. As always, counties stand ready to provide any assistance and support that we can as you consider how to proceed along the path toward greater flexibility.

[1] California Department of Social Services (April 2000). *SB 2030 Child Welfare Services Workload Study: Final Report*. Sacramento, California.