

## Title IV-E Waiver Demonstration Programs: Pointing the Way to Reform

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In 2005, 513,000 children were living in foster care. The average amount of time these children had spent in the foster care system at the time of reporting was 28.6 months. While the number of children exiting foster care has increased by nearly 30,000 per year since passage of the Adoption and Safe Families Act (ASFA) in 1997, the number of children entering the system has remained stable at approximately 300,000 per year.<sup>1</sup> This includes tens of thousands of borderline cases—i.e., cases where the abuse or neglect that brought the child into the child welfare system could have been prevented had services aimed at doing so been provided.

Failure to prevent placement in out-of-home care, and to quickly reunify families when it is safe to do so, overburdens the child welfare system. Time and resources spent on maintaining children in foster care whose placement could have been prevented, or who, once placed, could have been quickly reunited with their families, come at the expense of efforts to find loving, permanent adoptive families for those unfortunate enough to have been born to families who will never be rehabilitated. Evidence that the situation is worsening despite the gains in placement rates since passage of ASFA can be found in the increasing number of children aging out of the system, never having experienced the loving, permanent family that is every child's birthright.

In 2005, the number of foster youths who aged out of the system reached a record 24,407.<sup>2</sup>

### Major Streams of Federal Funding: Titles IV-E and IV-B

In order to understand the origin of this problem, it is necessary to examine our current child welfare federal funding structure. The two major federal streams of funding earmarked for child welfare services are Titles IV-E and IV-B under the United States Social Security Act. Title IV-E, which is by far the larger of the two, is an open-ended entitlement through which the federal government reimburses states a portion of their child welfare expenditures for a restricted set of services. These services include foster care maintenance services, and administration and training services related to foster care. Through the Adoption Assistance portion of Title IV-E, the federal government also reimburses states for direct payments to adoptive parents not to exceed comparable foster parent subsidies, as well as for nonrecurring expenses such as attorney fees and court costs incurred during the course of an

This paper, in its entirety, can be found at:

<http://www.adoptioncouncil.org/documents/AAWaiverDemonstrations.pdf>

Nothing written here is to be construed as an attempt to aid or hinder the passage of any bill before Congress.

1. United States Department of Health and Human Services, Administration for Children and Families, Administration on Children, Youth and Families, Children's Bureau, "The AFCARS Report (10) - (13)." Available online at [http://www.acf.hhs.gov/programs/cb/stats\\_research/index.htm#afcars](http://www.acf.hhs.gov/programs/cb/stats_research/index.htm#afcars)

2. Children's Bureau, "The AFCARS Report (13)."

adoption.

The amounts for which states are reimbursed under Title IV-E depend on two variables, first among which is the “penetration rate,” or, the percentage of children in the state’s child welfare system who are Title IV-E eligible. In order for a child to be Title IV-E eligible, the family from which the child was first removed must meet the eligibility requirements under the now-defunct Aid to Families with Dependent Children program (AFDC) in 1996. The second variable is simply the nature of the service provided. Foster care maintenance payments and post-adoption subsidies are reimbursed at a rate equal to the state’s Medicaid matching rate for all Title IV-E eligible children in care. Administrative services, including adoptive and foster parent recruitment services, and nonrecurring expenses are reimbursed at a rate of 50 percent for all Title IV-E eligible children in care. Yet states spend very little on the crucial strategy of adoptive and foster parent recruitment. Finally, training services are reimbursed at a rate of 75 percent for all Title IV-E eligible children in care.

Title IV-B, on the other hand, is split between a capped, non-entitlement subpart, “Child Welfare Services,” and a capped entitlement subpart, “Promoting Safe and Stable Families.” There are no eligibility requirements for either subpart. Child Welfare Services funds are used to cover prevention services to avert the abuse or neglect that precipitates a child’s placement in foster care; rehabilitation services to attempt to ensure, prior to reunification, that a child’s family will not repeat the abuse or neglect; to arrange adoptions; and to ensure adequate foster care. Promoting Safe and Stable Families funds are used to prevent maltreatment of at-risk children, protect those who have been maltreated while still in the home, provide family reunification services for children in foster care, promote adoption, and provide support services for

adoptive families. States are required to provide a 25 percent nonfederal match under both subparts.

## **How the Federal Funding Structure Inhibits the Overall Performance of the Nation’s Child Welfare System**

Between Titles IV-E and IV-B, it may at first appear that the federal government ensures the adequate provision of a full spectrum of child welfare services. Closer examination, however, reveals a grossly disproportionate funding structure—one which results in children entering foster care unnecessarily, and leaves children to languish in out-of-home care long after they should have been either reunited with their families or placed for adoption.

In fiscal year 2006, the federal government reimbursed states for approximately \$4.7 billion in Title IV-E foster care maintenance and related administrative and training services. This figure represents 61 percent of the \$7.8 billion the federal government spent on child welfare services that year. Meanwhile, the federal government spent a total of \$721 million under Title IV-B, or a mere 9 percent of total child welfare expenditures.<sup>3</sup> In other words, the federal government spends nearly nine dollars on services which keep abused or neglected children in foster care for every one dollar it spends on services designed to prevent abuse or neglect, and to rehabilitate and reunify biological families, combined.

The relatively small amount our federal government spends on prevention and rehabilitation services is out of proportion to the explicit wishes of Americans. In an online Harris Interactive survey, conducted between February 23-27, 2007 among 2,021 adults and commissioned by National Council For Adoption, respondents allocated an ideal of 39.7 percent of federal child welfare funds for prevention services (22.2 percent) and rehabilitation services (17.5

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3. Congressional Research Service, The Library of Congress, “Child Welfare: Recent and Proposed Federal Funding,” Prepared by Emilie Stoltzfus, Domestic Social Policy Division. Updated January 9, 2007.

percent).<sup>4</sup> Results from the Title IV-E waiver demonstrations examined in this publication suggest that current spending levels on prevention and rehabilitation services are also out of proportion to what an effective child welfare system demands. Unfortunately, it is America's most at-risk children who suffer as a result of the federal government's lack of foresight and skewed priorities.

## **Title IV-E Waiver Demonstration Programs**

Partially as a result of the long-standing and tireless efforts of child welfare advocates, the federal government is aware of the unsatisfactory state of our nation's child welfare system. As a precursor to reform, the federal government mandated a Title IV-E waiver demonstration program under Title XI, Section 1130 of the Social Security Act in 1994. The program permitted states with federally approved waiver demonstrations to use a set amount of Title IV-E funds for the provision of services not normally permissible under Title IV-E. Its purpose was to generate new knowledge about effective, innovative child welfare strategies. Originally, waiver demonstrations were to be approved between federal fiscal years 1998 and 2003. In 1997, ASFA extended the waiver demonstration program for an additional three years, so that the U.S. Department of Health and Human Services continued approving state applications for new waivers until March 31, 2006. However, states with waivers approved prior to that date are permitted to continue implementation of their waivers, and also to request extensions from the federal government for their demonstrations.

This publication will examine the outcomes of all four waiver demonstrations approved and enacted under the Title IV-E waiver demonstration category, "Capped IV-E Allocations and Flexibility to Local Agencies." In doing so, it will show that permitting states greater flexibility in their use of Title IV-E funds can significantly decrease entry and re-entry rates into our overburdened child welfare system and expedite family reunifications, while maintaining both the safety of children in the system and cost neutrality for the federal government. Recommendations for federal child welfare funding reform stemming from these findings will also be discussed.

## **Capped IV-E Allocations and Flexibility to Local Agencies**

The Capped IV-E Allocations and Flexibility to Local Agencies waiver demonstration program was designed so that states could "give counties or other local entities flexibility in spending child welfare dollars for new services and supports in exchange for a capped allocation of Title IV-E funds."<sup>5</sup>

Since 1996, four states (Ohio, North Carolina, Indiana, and Oregon) have implemented and completed waiver demonstrations under this program. Each of these four states provided some form of child abuse and neglect prevention services, family rehabilitation services, and family reunification services under their waiver demonstrations. This publication will summarize and examine the results of the final evaluations for the waiver demonstrations in North Carolina, Indiana, and Oregon. Unfortunately, reliable results for Ohio were difficult to obtain. As the waiver's evaluators explained, "many of the counties in the study are small in size, with annual foster care caseloads often too small for complex

4. National Council For Adoption, "Public Attitudes Regarding the Federal Child Welfare System's Financing and Performance," *Adoption Advocate*, Vol. 3 (April 28, 2007). Available online at <http://www.adoptioncouncil.org/resources/documents/AdoptionAdvocateVol3FINAL.pdf>

5. United States Department of Health and Human Services, Administration for Children and Families, Administration on Children, Youth and Families, Children's Bureau, "Summary of the Title IV-E Child Welfare Demonstrations," Prepared by James Bell Associates. Arlington, VA, 2007. Available at [http://www.acf.hhs.gov/programs/cb/programs\\_fund/cwwaiver/2007/summary\\_demo2007.htm](http://www.acf.hhs.gov/programs/cb/programs_fund/cwwaiver/2007/summary_demo2007.htm)

analysis. The small sample sizes mean that, to detect a significant change, the [waiver's] impact would have had to have been very powerful."<sup>6</sup> Furthermore, the large degree of variability in county program initiatives made it difficult for the evaluators to "to tease out the effects of competing program initiatives when the sample size is only 14 demonstration sites and 14 comparison sites."<sup>7</sup>

Nevertheless, those effects of the waiver which the evaluators did measure, while not as impressive as those found in other states, were unambiguously positive. Demonstration counties showed a stronger commitment to prevention; spent more funds on non-foster care services; gathered, shared and used outcomes data in management decisions more often; were more likely to share funds with other county service providers; and were more likely to view their collaborations with other service providers as successful.<sup>8</sup> Furthermore, the two counties identified by evaluators as demonstrating an early and continuous commitment to expanding resources for child welfare services beyond foster care maintenance "sharply reduced" placement utilization.<sup>9</sup>

## Effects of Waivers on Rates of Entry

The expansion of existing prevention services was identified as a priority early on by North Carolina's child welfare administrators. At the time of the waiver's initiation, North Carolina was in the midst of a child welfare reform effort

sponsored by the W. K. Kellogg Foundation, known as *Families For Kids (FFK)*. The effort was shown to improve outcomes for children in the child welfare system in the eight counties in which it was originally enacted, and subsequently expanded to other counties throughout the state. However, according to North Carolina's waiver demonstration evaluators, child welfare administrators felt that reform efforts were constrained by the fact that the majority of federal child welfare funding, allocated under Title IV-E, encouraged out-of-home care rather than prevention services.<sup>10</sup> Adding urgency to their frustration was the fact that the number of children entering foster care for the first time rose from 4,227 in 1990 to more than 5,200 in 1995, and that the number of children in out-of-home care increased from 8,115 to 12,750 during these same years.<sup>11</sup> For this reason, North Carolina applied for a Title IV-E waiver demonstration, which was granted in 1996.

The first outcome examined by the evaluators of North Carolina's waiver demonstration was the probability of a child's placement in out-of-home care following the first substantiated case of abuse or neglect. This was considered the most reliable indicator of the effectiveness of a county's prevention services. As figure 1 on the following page shows, analysis of the data revealed a persistent, intensifying pattern of reduced probability of out-of-home placement for children in both active waiver counties and other waiver counties in contrast to "minimal changes" for children in non-waiver comparison counties

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6. Office for Children and Families, Ohio Department of Jobs and Family Services, "ProtectOhio Year 5 Evaluation Report." Available online at <http://jfs.ohio.gov/ocf/pohio.stm#year5>. 10.

7. See Note 6.

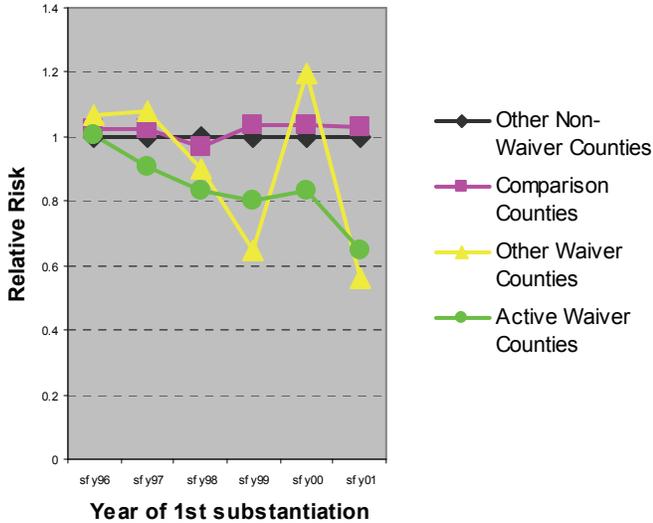
8. Office for Children and Families, "ProtectOhio Year 5 Evaluation Report." 4 - 5.

9. Office for Children and Families, "ProtectOhio Year 5 Evaluation Report." 9.

10. Usher, C.L., Wildfire, J.B., Brown, E.L., Duncan, D.F., Meier, A., Salmon, M.A., Painter, J. & Gogan, H.C. (2002). "Evaluation of the Title IV-E Waiver Demonstration in North Carolina." Chapel Hill, NC: Jordan Institute for Families, the University of North Carolina. Available online at <http://www.unc.edu/~lynnu/ncwaivrpt.htm>. ES-2

11. Usher, "Evaluation of the Title IV-E Waiver Demonstration in North Carolina." ES-2.; American Public Welfare Association. (1990-1994). Voluntary Cooperative Information System. Washington, D.C.; The Child Welfare League of American, (1998). "State Agency Survey." Washington, D.C. Information available online at [http://ndas.cwla.org/data\\_stats/access/predefined/home.asp?MainTopicID=3&SubTopicID=74](http://ndas.cwla.org/data_stats/access/predefined/home.asp?MainTopicID=3&SubTopicID=74).

**Figure 1. Risk of Placement Relative to Other Non-Waiver Counties - North Carolina**



and other non-waiver counties as the waiver demonstration progressed.\*<sup>12</sup>

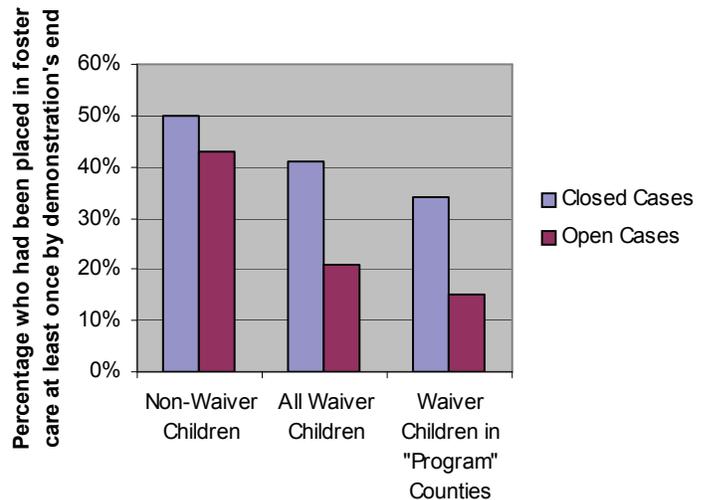
The waiver’s impact on out-of-home placement was confirmed even after adjusting for the effects of the other reform initiatives that were ongoing in the state. Further analysis showed that, for each support service initiated in a county under the waiver, a child’s probability of placement decreased by 4 percent.<sup>13</sup>

Like North Carolina, Indiana and Oregon sought to use their Title IV-E waiver demonstrations to prevent out-of-home-placement of children with substantiated cases of abuse and neglect. That state child welfare administrators

emphasized prevention once again is unsurprising, considering that in the decade prior to the waivers’ implementation, the number of children in foster care nationwide had doubled.†

As depicted in figure 2, the evaluation for Indiana’s waiver demonstration found that significantly fewer children assigned to the waiver demonstration were placed in out-of-home care, relative to both all at-risk children and at-risk children in demographically matched, “program” counties. This was true for both children whose cases had been closed, and those whose cases were still open at the time of the waiver’s conclusion.<sup>14</sup>

**Figure 2. Foster care entry rates under Indiana's waiver**



Additionally, the evaluation for Oregon’s waiver demonstration found that children who had received services under the waiver were

\* Definitions from the evaluation are as follows: active waiver counties are those counties that initiated four or more new services or began accessing available resources in the trust fund prior to June 30, 2000; other waiver counties are all counties initiating services under the waiver that do not meet the definition for active waiver county; non-waiver comparison counties are counties that did not initiate any services under the waiver and were matched to the waiver counties on key demographic characteristics; other non-waiver counties are counties that did not initiate any services under the waiver and were not matched to waiver counties on key demographic characteristics.

12. Usher, “Evaluation of the Title IV-E Waiver Demonstration in North Carolina.” 2-14.

13. Usher, “Evaluation of the Title IV-E Waiver Demonstration in North Carolina.” 3-3.

† Indiana and Oregon applied for their waiver demonstrations in 1997 and 1996, respectively. Between 1986 and 1996, the number of children in foster care nationwide doubled according to Bissell, M. & Green, R. “Fostering Progress: Facts to Move Children and Families Forward.” *Children’s Voice*, Vol. 14, no. 6. (December 2005). Available online at <http://www.cwla.org/voice/0512fostering.htm>

14. Institute of Applied Research, “Indiana Title IV-E Child Welfare Waiver Demonstration Project: Final Evaluation Report,” September, 2003. Available online at <http://www.iarstl.org/papers/INFinalReport.pdf>

approximately three times more likely than those who hadn't received services to have remained at home one year after a maltreatment incident that did not in itself necessitate removal.<sup>15</sup>

## Effects of Waivers on Length of Placement

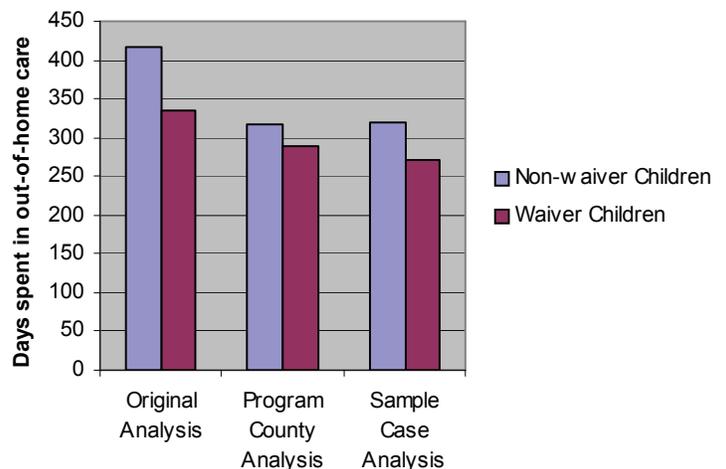
In Indiana, the expansion of child welfare services under the Title IV-E waiver demonstration not only helped to prevent entry into foster care, but also facilitated the exit of many children from the child welfare system. Children assigned to the waiver and placed outside their homes spent an average of 336 days in out-of-home care during their target case, versus 418 days in out-of-home care for their demographically matched, non-waiver counterparts.‡ This represents a 19 percent decrease in average length of placement for children assigned to the waiver.<sup>16</sup>

The evaluators of Indiana's waiver demonstration double-checked this finding using two further analyses, one of which focused on children in program counties, while the other looked at a randomly selected set of 910 sample cases. The program county analysis found a statistically significant difference in average placement length between program county waiver and non-waiver children who had been placed in out-of-home care following the waiver's initialization. The average length of placement for the former was 290 days, while for the latter it was 316 days. This represents a 9 percent decrease in average length of placement for program county children assigned to the waiver compared to members of the control group.<sup>17</sup>

The evaluators acknowledged, however, that this second estimate may be too conservative

because it does not take those children who avoided placement altogether as a result of the waiver into account. The sample case analysis, on the other hand, *did* include 30 waiver children whom case managers reported had avoided placement as a direct result of the waiver in its study sample of 537 demographically matched waiver and non-waiver children. The average length of placement for waiver children was 271 days, while for non-waiver children it was 319 days. Thus, waiver children spent 15 percent fewer days in out-of-home placement compared to non-waiver children in the sample analysis.<sup>18</sup> Figure 3 shows the effects of Indiana's waiver demonstration on length of time spent in out-of-home care as revealed by the evaluators' original analysis, program county analysis, and sample case analysis.

**Figure 3. Indiana waiver's effect on days spent in out-of-home care under three analyses**



15. Lehman, C., Liang, S., O'Dell, K., Duryea, M., (2003). "Evaluation of Oregon's Title IV-E Waiver Demonstration Project: Final Report." Child Welfare Partnership, Graduate School of Social Work, Portland State University. Available online at <http://www.cwp.pdx.edu/pdfs/Waiver%20Final%20Report%203-27-03.pdf>

‡ *Target case* is defined on page 89 of the evaluation as "the case during which a waiver child was first assigned to the waiver, or the corresponding case in which a control child was selected through matching."

16. Institute of Applied Research, "Indiana Title IV-E Waiver Evaluation." 89 - 90.

17. Institute of Applied Research, "Indiana Title IV-E Waiver Evaluation." 90.

18. Institute of Applied Research, "Indiana Title IV-E Waiver Evaluation." 91.

The evaluation of North Carolina's waiver demonstration found that the average length of stay for a child in foster care declined in waiver and non-waiver counties alike, converging at approximately 360 days for children entering the system in 2001.<sup>19</sup> However, it is important to note in this context that an analysis of vital statistics data showed that children entering the child welfare system in active waiver counties represented an increasingly difficult population to place as the waiver demonstration progressed—no doubt because the waiver succeeded in preventing entry for a significant number of borderline cases. Comparable increases in the percentage of high-risk children were not evident in non-waiver counties; thus, active waiver counties performed as well as non-waiver counties in moving children out of foster care, despite working with a more difficult-to-place child population.<sup>20</sup>

## Effects of Waivers on Re-Entry Rates

Considering that the waiver demonstrations in Indiana and North Carolina facilitated the exit of waiver children and difficult-to-place waiver children, respectively, from the child welfare system, it is prudent to ask whether these early exits were premature. In other words, did either state display a pattern of returning children to their families before their families had been rehabilitated, or placing children with an adoptive family that had not been thoroughly screened?

The evaluators of both Indiana's and North Carolina's waiver programs addressed this concern through an analysis of subsequent placement episodes, which they judged a reliable proxy for post-permanency safety. In Indiana, no significant difference in the percentages of waiver

and control children with subsequent placement episodes was found after adjusting for differences in opportunity periods.<sup>8</sup> In addition, when evaluators analyzed only those subsequent placements that had occurred after the target case had been closed, it was found that 5.0 percent of all waiver children whose cases had closed prior to the end of the demonstration experienced a subsequent placement episode, relative to 7.7 percent of all such control children. The difference was greater in program counties, where 4.6 percent of all waiver children whose cases had been closed experienced a subsequent placement episode relative to 7.9 percent of matched control children.<sup>21</sup>

In North Carolina, the waiver demonstration evaluators found the likelihood of a child re-entering care was slightly lower in waiver counties which had implemented additional support services under the waiver relative to all other counties. No other differences in re-entry rates between waiver counties and non-waiver counties were found.<sup>22</sup>

These findings suggest the waiver demonstrations reduced the average lengths of stay in out-of-home care for children without jeopardizing their well-being. On the contrary, there is evidence that the waiver programs in Indiana and, to a lesser degree, North Carolina, worked in the best long-term interests of waiver children by *both* reducing the length of time they spent in out-of-home care *and* better ensuring the appropriateness of their permanent placement.

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19. Usher, "Evaluation of the Title IV-E Waiver Demonstration in North Carolina." 2-19.

20. Usher, "Evaluation of the Title IV-E Waiver Demonstration in North Carolina." ES-8.

§ *Opportunity period for placement recurrence* is defined on page 97 of the evaluation as "the period between the end of placement or the end of the case and either the date of the child's eighteenth birthday or the end of data collection."

21. Institute of Applied Research, "Final Evaluation." 97.

22. Usher, "Evaluation of the Title IV-E Waiver Demonstration in North Carolina." 3-9.

## Attitudes Toward Indiana’s Waiver Demonstration

Indiana’s waiver evaluation included a unique analysis of the opinions of child welfare administrators in waiver counties on the demonstration itself. The overwhelming majority (86 percent) described their attitude toward the waiver as either “very positive” (51 percent) or “generally positive” (35 percent). Fourteen percent had “mixed feelings,” while no one described his or her attitude as negative.<sup>23</sup> In regard to effectiveness, 89 percent of all administrators believed that at least some children and families significantly benefited from the waiver, and 59 percent of program county administrators thought the waiver made a major difference for many children and families.<sup>24</sup>

When asked if they would like to see the waiver continued, 82 percent said “yes,” while 15 percent said “yes, with reservations.” One administrator said “no,” and one was unsure. Among the 15 percent of county administrators who answered “yes, with reservations,” the most commonly reported concern involved the issue of Title IV-E eligibility.<sup>25</sup> Indiana’s waiver demonstration was set up to serve a maximum of 4,000 children at any given time. While a maximum of 900 of those children could be Title IV-E ineligible, the remaining 3,100 had to be eligible for Title IV-E services in order to receive services under the waiver. Unfortunately, as the requirements for Title IV-E eligibility have never been adjusted for inflation, the percentage of children eligible for Title IV-E services diminishes each year.<sup>\*\*</sup> Without exception, administrators who voiced concerns about Title IV-E eligibility issues in this context requested either that the require-

ment be eliminated altogether, or that more slots be set aside for Title IV-E ineligible children.

Further analysis shows that concerns over Title IV-E eligibility requirements extended far beyond the 15 percent of county administrators discussed above. Forty-nine percent of county administrators described the shortage of Title IV-E eligible children as a “major problem,” and an additional 27 percent described it as a “minor problem.” Only 23 percent reported that it was “not a problem” in their counties. A lack of Title IV-E eligible children was the most frequently reported hindrance to waiver implementation throughout the course of the demonstration.<sup>26</sup> The implications are unsettling. If Title IV-E eligibility requirements hindered the implementation of Indiana’s waiver demonstration in a majority of counties, they are likely obstructing the efficient provision of Title IV-E services throughout the country.

## Conclusion and Recommendations for Reform

Title IV-E waiver demonstrations have shown that providing states with greater flexibility in how they may spend their main source of federal funding for child welfare services can improve outcomes for at-risk children and children in foster care. Thus, they have proven successful in their purpose of generating new knowledge about effective, innovative child welfare strategies. Policy makers should begin implementing those legislative changes which completed waiver demonstrations suggest will result in positive outcomes for children.

First, the federal government should reinstate the child welfare waiver program with no annual cap on the number of waivers the U.S. Department of Health and Human Services may

23. Institute of Applied Research, “Indiana Title IV-E Waiver Evaluation.” 39.

24. Institute of Applied Research, “Indiana Title IV-E Waiver Evaluation.” 46.

25. Institute of Applied Research, “Indiana Title IV-E Waiver Evaluation.” 42.

\*\* In a publication entitled “Time for Reform: Fix the Foster Care Lookback,” Kids Are Waiting calculates that the percentage of children in foster care nationwide who are Title IV-E eligible dropped from 53 percent to 46 percent between 1998 and 2005.

26. Institute of Applied Research, “Indiana Title IV-E Waiver Evaluation.” 50.

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approve. In the event that the program is reinstated, NCFA believes that the previous restriction forbidding states to replicate waiver demonstrations already performed elsewhere should *not* apply, and that states should be encouraged to solicit waiver applications from their counties and cities.

Secondly, the federal government should either abolish or update Title IV-E eligibility requirements for several reasons. As these requirements have never been adjusted for inflation, fewer abused and neglected children are Title IV-E eligible each year. There is reason to believe that the dwindling number of Title IV-E eligible children is a significant hindrance to the implementation of state child welfare programs (see “Attitudes Toward Indiana’s Waiver” on pages 7-8 for details). In addition, there is much to be said for the simple idea that all children who are victims of neglect or abuse deserve the protection of both state and federal governments regardless of their parents’ income status. If program cost is a concern, federal reimbursement rates could be adjusted as necessary after the Title IV-E income eligibility requirement has been either updated or abolished to preserve cost neutrality.<sup>††</sup>

Finally, the federal government should permit states to project their annual Title IV-E foster care expenditures for a fixed period of time based on current expenses as part of their annual child welfare services plans. In future years, the states should then be permitted to reinvest the difference between their projected expenditures and their actual expenditures in any child welfare service currently allowed under Titles IV-E or IV-B. States would be required to match these reinvested expenditures at the rates designated under Titles IV-E and IV-B. This will encourage greater fiscal responsibility on the part of the states, while creating an entirely flexible pool of federal child welfare funding for states to allocate

toward child abuse prevention, family reunification, and child placement services.

The positive results of the flexible funding waivers in Ohio, North Carolina, Indiana, and Oregon confirm that spending on prevention and reunification services is out of proportion to what a successful child welfare system requires. The reforms listed above, therefore, would go a considerable way toward improving our nation’s child welfare system and, more importantly, the lives of America’s most vulnerable children, while maintaining cost-neutrality for the federal government. If enacted by the federal government, we believe that states would be given a realistic opportunity to decrease both the number of children entering foster care and the wait times for those children already in the system. This, coupled with the gains already seen since the passage of ASFA, would make for lasting improvements in our nation’s child welfare system.

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<sup>††</sup> For a more in-depth analysis of how this could be achieved, see Appendix A of The Pew Commission’s report, “Fostering the Future: Safety, Permanence and Well-Being for Children in Foster Care.” Available online at <http://pewfostercare.org/research/docs/FinalReport.pdf>