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CHILD WELFARE FINANCING REFORM

REQUESTED ACTION: Support legislation to reform the child welfare financing system, as well as provide additional resources to stabilize families and train and retain child welfare staff. Support additional programmatic flexibility, along with an updated foster care payment methodology.

BACKGROUND: Child abuse and neglect affects many of the state's children and can have lifelong consequences. In 2012, California's counties received reports of child maltreatment for over 487,000 children. Of this total, county child welfare agencies substantiated cases for nearly 82,000 children.

In January of 2013, about 61,000 children were in California's foster care system. One-third of these children were placed in kinship care (subsidized guardianship) and one-fourth were placed with foster family agency (FFA) homes -- placements for children who are at-risk of a group home placement.

Under 2011 Realignment, counties bear the primary financial responsibility for funding child welfare services (CWS). As a result of increasing foster care caseloads, greater financial pressure is being placed on counties to contain CWS costs. Incidentally, 2011 Realignment funding is expected to increase over time due to a growth in revenues, but not necessarily at the rate of growth in CWS costs for which counties are responsible.

The largest source of federal support for child welfare services (70 percent in California) comes from Title IV-E of the Social Security Act. While the IV-E program supports youth in foster care, payment levels are linked to outdated 1996 AFDC income standards. Given the requirement to look back to decades-old income levels without any indexing for inflation, the percentage of cases eligible for federal support continues to decline, with about 66 percent of cases in 2013-2014 now eligible. Furthermore, federal law prevents counties from utilizing federal IV-E payments to work with the family and prevent a foster care placement.

Last fall, the House adopted a bipartisan measure (HR 3205) that would address a portion of child welfare financing reform supported by CSAC. Under the *Promoting Adoption and Legal Guardianship for Children in Foster Care Act*, federal financial incentives would be given for the first time for subsidized guardianship placements. Similar bipartisan legislation (S 1870/S 1876) awaits Senate floor action.

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