



CRS Report for Congress

Child Welfare: Recent and Proposed Federal Funding

Emilie Stoltzfus
Specialist in Social Legislation
Domestic Social Policy Division

Summary

Child welfare services are intended to prevent and protect children from abuse and neglect, to ensure that children have safe, permanent homes, and to improve their well-being. At the federal level, most child welfare programs are administered and receive funding through the Department of Health and Human Services (HHS). A few child welfare programs are administered and receive funding through the Department of Justice. A brief description of each of these programs and their recent and proposed funding levels is included in **Table 1**, at the end of this report.

Final appropriation amounts for FY2007 have not yet been determined. Under the current continuing resolution (P.L. 109-383), which permits funding of federal programs through February 15, 2007, the child welfare programs discussed in this report are generally funded at the same level of appropriation they received for FY2006. This report will be updated as necessary.

Federal Child Welfare Programs

Child welfare services are intended to prevent and protect children from abuse and neglect, to ensure that children have safe, permanent homes, and to improve their well-being. In FY2006, the federal government appropriated \$7.8 billion for these purposes. Most of this funding (about \$6.7 billion in FY2006) is available specifically to support children in foster care, provide services to children who leave (or are expected to leave) foster care without finding a permanent home, and to provide adoption subsidies to children adopted out of foster care. This funding is authorized under Title IV-E of the Social Security Act, for the most part on a mandatory basis, and is primarily available to states as an open-ended entitlement. Additional funds (about \$830 million in FY2006) for related services are distributed to all states through formula grants authorized under Title IV-B of the Social Security Act and the Child Abuse Prevention and Treatment Act (CAPTA). Most of this funding is authorized on a discretionary basis, and is sent to state child welfare agencies. However, some of this funding (related to improving court handling of child welfare proceedings) goes to state highest courts, and a part of it

supports community-based programs for child abuse prevention. Finally, some additional discretionary funds (\$181 million in FY2006) are made available for competitive grants to eligible applicants (e.g., local governments, national or community-based service organizations, and research groups) that provide child welfare services or do related research or training, or for awards to states that increase the number of children adopted out of foster care.¹ A brief description of these child welfare programs is included in **Table 1**, below, along with their final appropriation levels in FY2005 and FY2006 and proposed funding levels in FY2007.

Table 1 shows that appropriated budget authority for mandatory child welfare spending — which represents, by far, the largest amount of federal spending for child welfare — declined slightly between FY2005 and FY2006; this was largely the result of reduced FY2006 budget authority for the Foster Care program (Title IV-E of the Social Security Act), which has seen a declining caseload in recent years. Appropriated budget authority for mandatory child welfare spending is expected to increase somewhat in FY2007 due largely to strong growth in the Adoption Assistance program (Title IV-E of the Social Security Act) along with an increase in mandatory funding assumed for the PSSF and Court Improvement programs. Both of those programs received increased funding in FY2006 (as authorized or provided by the Deficit Reduction Act of 2005, P.L. 109-171 and the Child and Family Services Improvement Act of 2006, P.L. 109-288).

President's FY2007 Budget Request

The President's FY2007 budget request for child welfare programs matched the FY2006 discretionary funding levels approved by Congress for all but three programs. These are Adoption Incentives (for which the President's FY2007 requested \$29.7 million, as compared to the \$17.8 million supplied by Congress for FY2006), Children's Advocacy Centers (for which the FY2007 request was for \$11.8 million, as compared to \$14.8 million approved by Congress for FY2006), and the Mentoring Children of Prisoners program, (for which the FY2007 request was for \$40 million, as compared to \$49.5 million approved by Congress in FY2006).

On the mandatory funding side, the President's budget took into account changes included in the Deficit Reduction Act of 2005 (P.L. 109-171). Matching the increased FY2006 mandatory funding authorized in that act for the Promoting Safe and Stable program, the FY2007 budget request proposed \$345 million in mandatory funds for the program, and it assumed the full \$20 million in increased mandatory funding appropriated by that act for court improvement activities.² Also slated for a sizeable increase was the Adoption Assistance program, which continues to show rapid growth. The FY2007 budget requested more than \$2.0 billion for the program and HHS estimated that, on average, in each month of FY2007, federally supported Adoption Assistance subsidies

¹ Figures differ from previous versions of this report because they reflect increases in funding provided by P.L. 109-288 and because Mentoring Children of Prisoners is newly included in the federal child welfare programs discussed. In addition, to ensure that all programs in **Table 1** were reflected in this summary paragraph, some programs were re-categorized for this update.

² P.L. 109-171 increased the FY2006 mandatory funding authorization for the PSSF program to \$345 million from \$305 million; the additional \$40 million was appropriated for FY2006 by P.L. 109-288. This law also extends the increased authorization level through FY2011.

will be paid on behalf of 420,100 children. By comparison, in FY2005 (the most recent year for which these expenditure data are available), federal adoption subsidies provided support on a monthly basis to an average of less than 362,000 children; this already represented substantial growth from the beginning of the decade (FY2000), when some 228,000 adopted children received benefits under the program.

At the same time, the request for the Foster Care program (although slightly higher in nominal dollars than the FY2006 request) did not keep pace with inflation. Relatively stagnant funding in this program is attributed to a declining caseload³ and to provisions included in the Deficit Reduction Act of 2005 (P.L. 109-171). Two of those provisions were expected to reduce the growth in the number of children eligible for federal foster care in certain states (the *Rosales* provision) and to limit state claims for federal reimbursement of certain foster care administrative costs (the “candidates” provision). However, the reductions to the Administration’s estimate of needed foster care budget authority in FY2007 were offset somewhat by a third provision, which amended the Medicaid program and is expected to reduce the ability of state child welfare agencies to make *Medicaid* claims for targeted case management services on behalf of foster care children. The Administration (like the Congressional Budget Office, or CBO) assumes that this may result in some claims being shifted to the Title IV-E foster care program. (For more information, see CRS Report RL33155, *Child Welfare: Foster Care and Adoption Assistance Provisions in Budget Reconciliation*, by Emilie Stoltzfus.)

Finally, for the fourth consecutive year, the President’s budget proposed a Child Welfare Program Option. The option would allow states to forego the ability to receive an open-ended amount of foster care funds for a lump sum. That sum could be spent on the entire range of child welfare purposes and on behalf of any child (regardless of the child’s federal foster care eligibility status). States taking this five-year option would need to continue to ensure child safety protections, maintain existing state funding for child welfare, and participate in the federal Child and Family Services Reviews. The Administration’s foster care budget request for FY2007 was increased by \$25 million for FY2007 because of this proposal. (However, the Administration estimated that the option would require less budget authority in later years and, over five years, would be cost-neutral.) A second legislative proposal, to increase the Title IV-E matching rate for the District of Columbia (making it consistent with the matching rate the District of Columbia receives for Medicaid) also added \$7 million to the Administration’s total foster care and adoption assistance request. This was the second year that the Administration has sought this matching rate change. No legislation to enact either proposal has been introduced.

Proposed FY2007 Funding in the House and Senate

FY2007 appropriation levels have not yet been finalized for child welfare programs discussed in this report. Funding for the programs is currently available generally at the level for which each program was funded in FY2006. Neither the full House nor the full

³ Between FY1998 (when the number of children receiving Title IV-E federal foster care peaked) and FY2005 (the most recent year for which data are available), the average monthly number of children *receiving federal foster care payments* declined by more than 23%, while the *total national caseload*, as determined by the number of children in foster care on the last day of the fiscal year, declined by roughly 8%.

Senate acted on the appropriations for HHS during the 109th Congress. Legislation reported in the 109th Congress by the appropriations committees in the House (H.R. 5647, H.Rept. 109-515) and Senate (S. 3708, S.Rept. 109-287) would have closely tracked the President's budget request for FY2007. S. 3708, however, sought less in discretionary funds for the Promoting Safe and Stable Families (PSSF) program (\$75 million), which would bring that program's total FY2007 funding (mandatory and discretionary funds combined) to \$420 million. By comparison, both the President's budget request and the House bill as reported in the 109th Congress would have provided \$89 million in discretionary PSSF funds — thereby providing total program funding of \$434 million in that year (or the amount received for the program in FY2006). PSSF funds are distributed primarily to state child welfare agencies to support child and family services.

The House bill, as reported by the committee (H.R. 5647, 109th Congress), would have provided \$17.8 million in discretionary funds for Adoption Incentives. This is the same amount of funding that was provided for FY2006. However, it is less than the \$29.7 million proposed in the Senate-reported bill (S. 3708, 109th Congress), which matched the Administration's request. Adoption Incentives are bonus funds paid to states that increase the number of children adopted out of their foster care systems. For adoptions finalized in FY2000, states received bonus funds totaling \$33.2 million; for adoptions finalized in each of FY2001-FY2004 (the most recent year for which awards have been made), states earned an average of about \$16 million in each year.

Both the House and Senate bills, as reported from their respective committees in the 109th Congress, would have provided somewhat greater funding for research and demonstration projects funding under CAPTA. However, all of the additional funds — \$350,000 in H.R. 5647 (109th Congress) and \$1.75 million in S. 3708 (109th Congress) — would have been earmarked for specific projects by the committee reports accompanying the legislation (H.Rept. 109-515 and S.Rept. 109-287, respectively).

Both the House and Senate bills would have appropriated \$4.757 billion for the Title IV-E Foster Care program and \$2.044 billion for the Title IV-E Adoption Assistance program. Funding for these programs is authorized in statute as a mandatory and open-ended entitlement. This means that Congress is obligated to appropriate the amount of funding needed to allow the federal government to reimburse states for a part of every eligible cost incurred on behalf of every eligible adopted or foster child. The amount of funding proposed in H.R. 5647 and S. 3708 (both in the 109th Congress) represented the Administration's estimate of the cost of these programs under current law. The Administration's request, which is shown in **Table 1**, is slightly higher (a total of \$32 million more) because it reflects the funding level expected to be necessary if legislative proposals included in the Administration's budget were enacted (i.e., an increase in the matching rate for the District of Columbia and implementation of a child welfare option). However, no legislation to enact these proposals has been offered.

Recent and Proposed Funding

Table 1 briefly describes the purpose of each listed federal child welfare program, along with recent and FY2007 proposed funding levels.

Table 1. Federal Funding Dedicated to Child Welfare

(\$ in millions)

Program	Final Funding by Fiscal Year		Proposed Funding for FY2007 (109 th Congress)		
	2005	2006	President	House Comm.	Senate Comm.
Title IV-B of the Social Security Act					
Child Welfare Services - Formula grants to states to improve public child welfare services.	290	287	287	287	287
Child Welfare Training - Competitive grants to non-profit universities or schools to develop and improve education and training for child welfare workers.	7.4	7.3	7.3	7.3	7.3
Promoting Safe and Stable Families - Formula grants to states primarily for four kinds of services: family preservation, family support, time-limited reunification, and adoption promotion and support. ^a	404	434	434	434	420
Court Improvement - Formula grants to states' highest courts to improve handling of child welfare proceedings.	NA	20	20	20	20
Mentoring Children of Prisoners - Competitive grants to provide mentoring services to children of prisoners. ^b	49.6	49.5	40	40	40
Title IV-E of the Social Security Act					
Foster Care - Opened-ended reimbursement of eligible state claims for maintaining children in foster care and for related administrative and training costs.	4,896	4,685	4,786	4,754	4,754
Adoption Assistance - Opened-ended reimbursement of eligible state claims for providing subsidies to special needs adoptees and for related administrative and training costs.	1,770	1,883 ^c	2,047	2,044	2,044
Adoption Incentives^d - Bonus funds to states that increase the number of foster children adopted.	9.3	17.8	29.7	17.8	29.7
Foster Care Independence - Formula grants to states for provision of independent living services to youth who have, or are expected to, "age out" of foster care.	140	140	140	140	140
Education and Training Vouchers - Formula grants to states to provide education and training vouchers to youth who have aged out of foster care.	46.6	46.2	46.2	46.2	46.2
Child Abuse Prevention and Treatment Act (CAPTA)					
<i>CAPTA - subtotal</i>	101.8	95.2	95.2	95.6	97.0
Basic State Grants - Formula grants to states to improve their child protection services.	27.3	27.0	27.0	27.0	27.0
Discretionary Activities - Competitive grants for research, demonstration, or other programs related to preventing or treating child maltreatment.	31.6	25.8	25.8	26.1	27.5
Community-Based Grants for Child Abuse Prevention - Formula grants to lead entity in each state to support community-based programs to prevent child abuse and neglect.	42.9	42.4	42.4	42.4	42.4
Children's Health Act					
Infant Adoption Awareness^e - Competitive grants to train staff in non-profit health centers about adoption.	9.8	9.7	9.7	9.7	9.7
Special Needs Adoption Awareness^e - Competitive grants for a public campaign about adoption of children with special needs.	3.0	2.9	2.9	2.9	2.9

Program	Final Funding by Fiscal Year		Proposed Funding for FY2007 (109 th Congress)		
	2005	2006	President	House Comm.	Senate Comm.
Other programs					
Adoption Opportunities - Competitive grants to eliminate barriers to adoptions — especially special needs adoptions.	27.1	26.8	26.8	26.8	26.8
Abandoned Infants Assistance - Competitive grants to prevent abandonment of infants exposed to HIV/AIDS or drugs and for services and programs to address needs of abandoned children.	12.0	11.8	11.8	11.8	11.8
Children's Justice Act Grants^f - Formula grant to states to improve the handling, investigation and prosecution of child abuse and neglect cases.	20.0	20.0	20.0	20.0	20.0
Victims of Child Abuse Act					
Children's Advocacy Centers - Competitive grants for services to child victims of abuse (and non-offending family members), to coordinate child abuse investigations in ways that reduce their trauma, and for related training and technical assistance.	15.0	14.8	11.7 ^g	15.0	20.0
Court Appointed Special Advocates - Competitive grants to support advocacy in court for child victims of abuse and neglect.	11.7	11.7	11.8	11.9	12.8
Training for Judicial Practitioners and Personnel - Competitive grant to improve court handling of child abuse and neglect cases	1.9	2.3	2.3	2.3	3.3

Source: Table prepared by the Congressional Research Service (CRS). Numbers shown in the proposed FY2007 funding column labeled "President" are from the Administration's budget request for that year; numbers in the column labeled "House" are from H.R. 5647 (109th Congress), as reported by the House Appropriations Committee (except for Victims of Child Abuse Act programs, which are from H.R. 5672 109th Congress, as passed by the House); and numbers in the column labeled "Senate" are from S. 3708 (109th Congress), as reported by the Senate Appropriations Committee (except for Victims of Child Abuse Act programs, which are from H.R. 5672 (109th Congress), as reported by the Senate Appropriations Committee). Final funding levels shown for FY2005 and FY2006 reflect across-the-board reductions in appropriations that applied to all of the discretionary accounts in this table.

- a. For FY2006-FY2011, some of these funds are reserved (by P.L. 109-288) for competitive grants to address child welfare issues raised by parent/caretaker abuse of methamphetamine (or other substances) and for formula grants to states to support monthly caseworker visits of foster children.
- b. Beginning with FY2007, P.L. 109-288 provides that some of these funds may be used to support a demonstration project to test the effectiveness of using vouchers to deliver these mentoring services.
- c. For FY2006, the Administration assumes it will exercise its authority to seek Adoption Assistance funds above the amount originally requested in its budget. Thus the amount shown in this table is higher than the amount included as a certain sum in P.L. 109-148.
- d. In FY2006, P.L. 109-148 rescinded \$22.5 million in Adoption Incentives funding that had been provided in FY2005 (reduction shown in table).
- e. For FY2006 and proposed FY2007, the division of Adoption Awareness funds between (Special Needs and Infant) is based on Administration documents; Congress simply provided (or proposed to provide) a combined sum for the two programs.
- f. Program authority for these grants is now included in CAPTA. However, these grants are not funded out of the general treasury. Instead, P.L. 98-473 (the Victims of Crime Act of 1984), as amended, provides that up to \$20 million annually be set aside for these grants out of the Crime Victims Fund.
- g. The FY2007 Budget Appendix requests these funds only for the training and technical assistance purposes related to Children's Advocacy Centers. However, as was the case with the FY2006 budget, this is assumed to be an error in the statutory reference given.