

SECTION 12. CHILD PROTECTION, FOSTER CARE, AND ADOPTION ASSISTANCE *

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* The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 changed this program; see appendix L for details.

BACKGROUND

Child welfare services aim to improve the conditions of children and their families and to improve or provide substitutes for functions parents have difficulty in performing. Child welfare services encompass a broad range of activities, including protection of abused or neglected children, support and preservation of families, care of the homeless and neglected, support for family development, and provision of out-of-home care. Services may help the family cope with problems or they may protect children while the family learns to perform appropriate parenting roles.

It is generally agreed that it is in the best interests of children to live with their families. To this end, experts emphasize both the value of preventive and rehabilitative services and the need to limit the duration of foster care placements. However, if children must be removed, a major principle of professional social work is the provision of permanent living arrangements, either by returning children to their homes in a timely fashion or by moving children into adoption or other permanent arrangements.

Many private, nonprofit and government entities work to provide child welfare services to families in need. The primary responsibility for child welfare services in the government, however, rests with the States. Each State has its own legal and administrative structures and programs that address the needs of children. The Federal Government has also been involved in efforts to improve the welfare of children in specific areas of national concern since the early 1900s. Almost 40 Federal programs provide support for such services today, administered by four different Cabinet agencies and overseen by five House committees (Robinson & Forman, 1994). The largest of these programs are authorized under titles IV-B and IV-E of the Social Security Act. Additional programs include grants to States, local governments and nongovernmental agencies for prevention and treatment of child abuse and neglect, advocacy centers for victims of sexual abuse, services for abandoned infants and children with AIDS, promotion of adoption, child abuse-related training for judicial personnel, federally administered research and demonstration, Indian Child Welfare Programs, Family Violence Programs, and a number of small programs. Of the 38 programs, 26 had funding of less than \$25 million in 1995. In addition, services related to child welfare may be provided at State discretion under the social services block grant (title XX of the Social Security Act), described in section 11.

This section will focus specifically on child welfare, foster care and adoption assistance programs authorized under titles IV-B and IV-E of the Social Security Act. Title IV-B authorizes funds to States for a broad range of child welfare services, including family preservation and family support services; title IV-E authorizes the Foster Care, Independent Living, and Adoption Assistance Programs. The IV-B and IV-E programs are intended to operate in consort to help prevent the need for out-of-home placement of children, and in cases where such placement is necessary, to provide protections and permanent placement for the children involved. Funding is provided under the Foster Care Program to assist States with the maintenance costs of low-income (AFDC-eligible)

children in foster care. The Independent Living Program is intended to help States facilitate the transition of older children from foster care to independent living; the Adoption Assistance Program helps States support the adoption of AFDC- or SSI-eligible children with "special needs," such as minority status, age, membership in a sibling group, or a mental or physical handicap.

FEDERAL CHILD WELFARE PROGRAMS TODAY

The Social Security Act contains the primary sources of Federal funds available to States for child welfare, foster care, and adoption activities. These funds include both nonentitlement authorizations (for which the amount of funding available is determined through the annual appropriations process) and authorized entitlements (under which the Federal government has a binding obligation to make payments to any person or unit of government that meets the eligibility criteria established by law). The programs include the Title IV-B Child Welfare Services and Family Preservation Programs, the Title IV-E Foster Care Program, the Title IV-E Adoption Assistance Program, and the Title XX Social Services Block Grant Program. Table 12-1 lists these programs, as well as the Title IV-E Independent Living Program, and describes their funding.

Table 12-2 provides data on the level of Federal funds provided to States under titles IV-B and IV-E for fiscal years 1985 through 1995, and HHS projections for fiscal years 1996 through 2001. Under the Title XX Social Services Block Grant Program, States have discretion over what portion of their allocation they spend on child welfare activities, as well as a range of other activities not directly focused on children. Detailed data on child welfare services spending by States under the Title XX Program are not available.

In addition to the funds allocated to the States or available on an entitlement basis, approximately \$10.8 million was appropriated for fiscal year 1995 for research and demonstration activities and for direct Federal grants to public and private entities for child welfare staff training. These activities are authorized under section 426 of title IV-B. For fiscal year 1996, \$2 million is appropriated for training and no funding is appropriated for research under section 426.

Funds available to States from the Title IV-B Child Welfare Program may be used for services to families and children without regard to their eligibility for AFDC. Federal matching funds for foster care maintenance payments under title IV-E are only provided in those cases where the child would have been eligible for AFDC if still in the home. All children determined to have "special needs" related to their being adopted, as defined under title IV-E, are eligible for reimbursement of certain nonrecurring costs of adoption under the Title IV-E Adoption Assistance Program. However, only AFDC- or SSI-eligible "special needs" children qualify for federally matched adoption assistance payments available under title IV-E. Funds available to States for the Title IV-E Independent Living Program may be used for services which facilitate the transition of children from foster care to independent living, regardless of whether they are eligible for AFDC foster care assistance.

TABLE 12-1.—FUNDING ENVIRONMENT OF THE FEDERAL PROGRAMS WHICH SUPPORT FOSTER CARE, CHILD WELFARE, AND ADOPTION SERVICES

Program	Budgetary classification	Federal support of total
Title IV-E Foster Care Program:		
Foster care assistance payments.	Authorized entitlement	Open-ended Federal match at Medicaid rate.
Placement services and administrative costs.	Authorized entitlement	Open-ended Federal match of 50 percent. ¹
Training expenses	Authorized entitlement	Open-ended Federal match of 75 percent.
Title IV-E Adoption Assistance Program:		
Adoption assistance payments.	Authorized entitlement	Open-ended Federal match at Medicaid rate.
Nonrecurring adoption expenses.	Authorized entitlement	Open-ended Federal match of 50 percent. ²
Placement services and administrative costs.	Authorized entitlement	Open-ended Federal match of 50 percent.
Training expenses	Authorized entitlement	Open-ended Federal match of 75 percent.
Title IV-E Independent Living Program.	Authorized entitlement	100 percent Federal funding, with a funding ceiling. ³
Title IV-B Child Welfare Services Program:		
Child welfare services (subpart 1).	Nonentitlement authorization.	Federal match of 75 percent, total capped at State allotment.
Family preservation and family support (subpart 2).	Authorized entitlement	Federal match of 75 percent, with a funding ceiling. ⁴
Title XX Social Services Block Grant Program.	Authorized entitlement	100 percent Federal funding, with a funding ceiling.

¹ Seventy-five percent matching is available from fiscal year 1994 through fiscal year 1996 for certain costs related to data collection.

² The Federal Government reimburses 50 percent of up to \$2,000 of expenditures for any one placement.

³ Beginning for fiscal year 1991, States are required to provide 50 percent matching for any Federal funding claimed that exceeds \$45 million.

⁴ Program authorized through fiscal year 1998.

Source: Compiled by House Committee on Ways and Means staff.

Table 12-3 provides data on participation under the Title IV-B and IV-E Programs. Table 12-4 shows the Congressional Budget Office projections for Federal foster care and adoption assistance for 1996 through 2001 under current law. Between 1996 and 2001, the federally funded foster care caseload is projected to increase from 278,000 to 350,000 (26 percent). Total IV-E foster care costs are expected to increase 49 percent, from \$3,213,000 in 1996 to \$4,794,000 in 2001. Over the same time period, the adoption assistance caseload is projected to increase from 121,000 to 191,000 (58 percent), while total adoption assistance costs are estimated to increase from \$479 million to \$901 million (88 percent).

TABLE 12-2.—FEDERAL FUNDING FOR CHILD WELFARE, FOSTER CARE, AND ADOPTION ACTIVITIES UNDER TITLES IV-B AND IV-E OF THE SOCIAL SECURITY ACT, 1985-2001

[In millions of dollars]

Fiscal year	Title IV-B-1 child welfare services	Title IV-B-2 family preservation and support		Title IV-E foster care State claims		Title IV-E independent living program	Title IV-E adoption assistance State claims			Total
		Total ¹	Maintenance payments	Administration/training ²	Total ³		Assistance payments	Administration/training		
1985	200.0	546.2	355.3	190.9	41.8	31.6	10.2	788.0		
1986	198.1	605.4	391.6	213.8	55.0	40.6	14.4	858.5		
1987	222.5	792.6	479.7	312.9	73.7	53.9	19.8	1,133.8		
1988	239.4	891.1	548.3	342.8	97.1	74.1	23.0	1,272.6		
1989	246.7	1,153.1	646.0	507.1	110.5	86.2	24.3	1,555.3		
1990	252.6	1,473.2	835.0	638.2	135.7	104.9	30.8	1,911.5		
1991	273.9	1,819.2	1,030.4	788.8	175.3	130.3	45.0	2,328.4		
1992	273.9	2,232.8	1,203.8	1,029.0	219.6	161.4	58.2	2,796.3		
1993	294.6	2,547.0	1,365.0	1,182.0	272.4	197.3	75.1	3,184.0		
1994	294.6	2,606.5	1,412.0	1,190.5	325.0	235.0	90.0	3,356.1		
1995	292.0	3,050.2	1,594.5	1,455.7	411.4	306.3	105.1	3,973.6		
1996 (estimate)	277.4	3,332.8	1,706.9	1,625.9	482.5	359.5	123.0	4,387.7		
1997 (estimate)	292.0	3,603.7	1,914.9	1,688.8	554.8	413.2	141.6	4,760.5		
1998 (estimate)	292.0	3,926.0	2,093.6	1,832.4	624.6	465.3	159.3	5,167.6		
1999 (estimate)	292.0	4,273.3	2,287.3	1,986.0	701.5	522.5	179.0	5,336.8		
2000 (estimate)	292.0	4,652.1	2,498.2	2,153.9	787.5	586.5	201.0	5,801.6		
2001 (estimate)	292.0	5,074.2	2,728.7	2,345.5	876.6	652.9	223.7	6,312.8		

¹Total includes administration and training expenditures, as well as maintenance payments, but does not include transfers to the Title IV-B Child Welfare Services Program. Differences in total due to rounding. ²Includes regular administration, State automated child welfare information system (SACWIS) costs, and training. ³Total includes administration and training expenditures, maintenance payments, and nonrecurring payments.

NA—Not available.

Source: U.S. Department of Health and Human Services.

TABLE 12-3.—PARTICIPATION IN CHILD WELFARE, FOSTER CARE, AND ADOPTION ACTIVITIES UNDER TITLES IV-B AND IV-E OF THE SOCIAL SECURITY ACT, 1983-2001

Fiscal year	Title IV-B-1 child welfare services	Title IV-B-2 family preservation and support	Title IV-E foster care assistance payments ¹	Title IV-E Independent Living Program ²	Title IV-E adoption assistance payments ¹
1983	NA		97,370		5,309
1984	NA		102,051		11,581
1985	NA		109,122		16,009
1986	NA		110,586		21,989
1987	NA		118,549	20,182	27,588
1988	NA		132,757	18,931	34,698
1989	NA		156,871	44,191	40,666
1990	NA		167,981	44,365	44,024
1991	NA		202,687	45,284	54,818
1992	NA		222,315	57,360	68,197
1993	NA		232,668	57,918	78,044
1994	NA	NA	244,473	71,081	91,872
1995	NA	NA	260,737	73,137	106,880
1996 (estimated)	NA	NA	267,400	NA	119,900
1997 (estimated)	NA	NA	285,000	NA	131,200
1998 (estimated)	NA	NA	296,400	NA	140,400
1999 (estimated)	NA		308,300	NA	150,200
2000 (estimated)	NA		320,600	NA	160,700
2001 (estimated)	NA		333,400	NA	170,300

¹ Average monthly number of recipients.² Estimated.

NA—Not available.

Source: U.S. Department of Health and Human Services.

THE TITLE IV-B CHILD WELFARE SERVICES PROGRAM

Grants to States for child welfare services

The Child Welfare Services Program under subpart 1 of title IV-B permanently authorizes 75 percent Federal matching grants to States for services that protect the welfare of children. These services: address problems that may result in neglect, abuse, exploitation or delinquency of children; prevent the unnecessary separation of children from their families and restore children to their families, when possible; place children in adoptive families when appropriate; and assure adequate foster care when children cannot return home or be placed for adoption. There are no Federal income eligibility requirements for the receipt of child welfare services.

TABLE 12-4.—CBO BASELINE PROJECTIONS FOR THE FEDERAL FOSTER CARE AND ADOPTION ASSISTANCE PROGRAMS, 1996-2001

[By fiscal year, in millions of dollars]

Program	1996	1997	1998	1999	2000	2001
Foster care:						
Title IV-E caseload (thousands)	278	293	308	323	337	350
Average monthly maint. payment (Federal share)	\$514	\$540	\$568	\$596	\$626	\$657
Federal costs (millions):						
Maintenance payments	1,712	1,899	2,102	2,310	2,528	2,756
Administrative and child placement services	1,352	1,407	1,509	1,603	1,715	1,828
Training	150	160	172	184	196	210
Total claims	3,213	3,467	3,782	4,096	4,440	4,794
Adoption assistance:						
Title IV-E caseload (thousands)	121	135	149	163	177	191
Average monthly payment	\$247	\$258	\$268	\$279	\$290	\$301
Federal costs (millions):						
Maintenance payments	359	417	479	545	615	690
Administrative and child placement services	104	119	134	149	165	181
Training	16	18	21	24	26	29
Total claims	479	554	634	718	806	901
Independent living: Federal costs	70	70	70	70	70	70
Total costs	3,695	4,034	4,418	4,815	5,241	5,687

Note.—Numbers may not add to totals due to rounding.
Source: Congressional Budget Office, March 1996 baseline.

Under legislation enacted in 1980 (Public Law 96-272), States are limited in the amount of their title IV-B allotments that may be used for child day care, foster care maintenance payments, and adoption assistance payments. Specifically, States may use no more than their portion of the first \$56.6 million in Federal IV-B appropriations for these three activities. The intent of this restriction is to devote as much title IV-B funding as possible to supportive services that could prevent the need for out-of-home placement. In addition, States are required to implement certain foster care protections for all children in foster care to be eligible to receive their full allotment of Federal title IV-B appropriations. (The foster care protections are described later in this section.)

Between 1977 and 1990, the annual authorization level for the Child Welfare Services Program remained flat at \$266 million. The authorization level was increased to \$325 million under Public Law 101-239 beginning for fiscal year 1990. Appropriations for the program—the amount of money Congress actually made available for spending each year—increased from \$163.6 million in fiscal year 1981 to \$294.6 million in fiscal year 1994 (see table 12-2). Appropriations have since decreased, to \$292 million in fiscal year 1995 and \$277.4 million in fiscal year 1996.

Child welfare services funds are distributed to States on the basis of their under-21 population and per capita income. Because of minimal reporting requirements under the program, there are no reliable National or State-by-State data on the exact number of children served, their characteristics, or the services provided. Table 12-5 details the State-by-State distribution of child welfare services funds for selected fiscal years.

Grants to States for family preservation and support services

Grants to States for family preservation and family support services were authorized as a capped entitlement under subpart 2 of title IV-B, beginning in fiscal year 1994. States already had the flexibility to expend their child welfare services funds available under subpart 1 of title IV-B for family support and preservation services, but few States used a significant share of such funds for these two categories of services. Entitlement funding is authorized for 5 years at the following ceiling levels: \$60 million in fiscal year 1994; \$150 million in fiscal year 1995; \$225 million in fiscal year 1996; \$240 million in fiscal year 1997; and either \$255 million in fiscal year 1998 or the fiscal year 1997 level adjusted for inflation, whichever is greater.

From these ceiling amounts, \$2 million in fiscal year 1994 and \$6 million in each of fiscal years 1995-98 are reserved for use by the Secretary of HHS to fund research, training, technical assistance and evaluation of family preservation and support activities. In addition, \$5 million in fiscal year 1995 and \$10 million in each of the subsequent three fiscal years are reserved for a grant program for State courts (described below). Finally, 1 percent of the family preservation and family support entitlement is reserved for allotment to Indian tribes. Table 12-6 shows State allotments of family preservation and family support entitlement funds in fiscal years 1994-96, and estimated State allotments for fiscal years 1997-98.

TABLE 12-5.— STATE-BY-STATE ALLOCATIONS FOR TITLE IV-B CHILD WELFARE SERVICES, SELECTED YEARS 1987-96

[In thousands of dollars]

State	Fiscal year							1996 allotments
	1987 actual	1989 actual	1992 actual	1993 actual	1994 actual	1995 actual	1996 actual	
Alabama	4,783	5,136	5,432	5,798	5,623	5,512	5,106	
Alaska	417	294	614	675	754	756	725	
Arizona	3,344	3,797	4,418	4,781	5,034	5,036	5,015	
Arkansas	2,838	3,095	3,273	3,496	3,424	3,387	3,178	
California	20,445	23,100	27,289	30,049	31,732	31,575	31,049	
Colorado	2,772	3,091	3,558	3,845	3,866	3,904	3,719	
Connecticut	2,081	2,143	1,942	2,066	2,120	2,077	2,052	
Delaware	570	654	717	764	726	720	713	
District of Columbia	386	432	431	448	447	427	345	
Florida	9,105	10,361	11,773	12,946	13,146	13,096	12,781	
Georgia	6,622	7,301	7,737	8,386	8,426	8,418	8,032	
Hawaii	656	1,119	1,180	1,281	1,204	1,205	1,117	
Idaho	1,304	1,388	1,581	1,734	1,703	1,719	1,622	
Illinois	9,932	10,773	11,338	12,157	11,773	11,634	11,067	
Indiana	5,572	6,064	6,709	7,115	6,952	6,832	6,367	
Iowa	2,861	3,074	3,364	3,566	3,475	3,402	3,223	
Kansas	2,150	2,461	2,885	3,083	3,068	3,034	2,873	
Kentucky	4,154	4,556	4,883	5,192	5,030	4,961	4,624	
Louisiana	5,106	5,657	6,350	6,750	6,527	6,412	5,910	
Maine	1,313	1,391	1,443	1,533	1,482	1,455	1,378	

TABLE 12-5.— STATE-BY-STATE ALLOCATIONS FOR TITLE IV-B CHILD WELFARE SERVICES, SELECTED YEARS 1987-96—Continued
 [In thousands of dollars]

State	Fiscal year								1996 allotments
	1987 actual	1989 actual	1992 actual	1993 actual	1994 actual	1995 actual	1996 actual	1996 allotments	
Maryland	3,440	3,798	3,924	4,256	4,343	4,291	4,168	4,168	
Massachusetts	2,714	4,418	4,336	4,567	4,708	4,597	4,579	4,579	
Michigan	8,888	9,551	10,196	10,860	10,885	10,634	10,075	10,075	
Minnesota	3,937	4,206	4,753	5,093	5,092	5,070	4,785	4,785	
Mississippi	3,519	3,923	4,177	4,438	4,293	4,245	3,949	3,949	
Missouri	4,958	5,235	5,798	6,218	6,146	6,072	5,727	5,727	
Montana	978	1,049	1,136	1,212	1,207	1,220	1,158	1,158	
Nebraska	1,641	1,744	1,996	2,137	2,071	2,032	1,879	1,879	
Nevada	775	964	1,170	1,326	1,401	1,430	1,379	1,379	
New Hampshire	950	1,024	1,028	1,078	1,087	1,074	1,096	1,096	
New Jersey	5,424	5,465	4,936	5,308	5,224	5,193	5,388	5,388	
New Mexico	1,642	2,072	2,291	2,493	2,510	2,526	2,418	2,418	
New York	13,529	14,373	14,490	15,530	15,452	15,231	14,148	14,148	
North Carolina	6,432	7,189	7,771	8,326	8,112	8,086	7,728	7,728	
North Dakota	750	849	942	983	945	929	858	858	
Ohio	10,402	10,429	12,283	13,053	12,878	12,748	11,853	11,853	
Oklahoma	3,332	3,735	4,144	4,428	4,406	4,374	4,133	4,133	
Oregon	2,586	2,850	3,283	3,576	3,556	3,555	3,321	3,321	
Pennsylvania	10,038	11,236	11,905	12,650	12,148	11,949	11,076	11,076	
Rhode Island	888	953	1,025	1,070	1,054	1,032	984	984	

South Carolina	4,015	4,468	4,747	5,101	4,948	4,867	4,544
South Dakota	853	938	1,038	1,107	1,075	1,077	991
Tennessee	5,001	5,598	5,933	6,329	6,210	6,166	5,792
Texas	16,243	18,958	21,845	23,688	23,795	23,796	22,401
Utah	2,555	2,891	3,196	3,478	3,474	3,481	3,284
Vermont	632	583	713	750	715	699	674
Virginia	4,907	5,463	5,891	6,322	6,373	6,323	6,114
Washington	3,774	4,382	5,169	5,668	5,699	5,741	5,231
West Virginia	2,226	2,397	2,454	2,565	2,486	2,417	2,789
Wisconsin	4,672	5,077	5,639	6,033	6,022	5,950	5,574
Wyoming	101	382	703	751	724	719	638
American Samoa	NA	163	175	183	193	190	183
Guam	304	342	376	395	351	346	328
Northern Marianas	110	118	124	127	142	140	135
Puerto Rico	3,671	3,674	7,094	7,532	8,105	7,951	7,480
Virgin Islands	202	295	311	328	280	276	263
Total	222,500	246,679	273,911	294,624	294,624	291,989	277,389

NA—Not applicable; jurisdiction not eligible under statute.

Note: Totals may differ from sum of State amounts due to rounding.

Source: U.S. Department of Health and Human Services.

TABLE 12-6.—TITLE IV-B FAMILY PRESERVATION AND FAMILY SUPPORT SERVICES STATE ALLOTMENTS, FISCAL YEARS 1994-98

State	Fiscal year 1994 allotments	Fiscal year 1995 allotments	Fiscal year 1996 allotments	Estimated fiscal year 1997 allotments	Estimated fiscal year 1998 allotments
Alabama	\$1,199,639	\$2,880,911	\$4,167,863	\$4,467,573	\$4,767,282
Alaska	77,754	186,726	300,567	322,181	343,794
Arizona	1,005,253	2,414,096	3,767,107	4,037,998	4,308,890
Arkansas	577,604	1,387,105	2,023,818	2,169,350	2,314,882
California	6,925,694	16,631,924	25,989,033	27,857,894	29,726,755
Colorado	616,481	1,480,468	2,184,121	2,341,180	2,498,239
Connecticut	444,311	1,067,004	1,643,100	1,761,255	1,879,409
Delaware	105,524	253,413	400,756	429,574	458,393
District of Columbia	194,386	466,814	701,323	751,755	802,187
Florida	2,615,879	6,281,986	10,479,771	11,233,368	11,986,964
Georgia	1,555,088	3,734,514	5,891,114	6,314,742	6,738,370
Hawaii	194,386	349,853	681,285	730,276	779,267
Idaho	155,509	373,451	581,096	622,883	664,669
Illinois	2,504,802	6,015,235	8,716,445	9,343,241	9,970,037
Indiana	938,606	2,254,046	3,566,729	3,823,211	4,079,693
Iowa	427,649	1,026,991	1,462,760	1,567,946	1,673,133
Kansas	372,110	893,616	1,342,533	1,439,074	1,535,615
Kentucky	1,083,007	2,600,822	3,706,994	3,973,562	4,240,131
Louisiana	1,888,321	4,534,767	6,392,059	6,851,710	7,311,361
Maine	244,371	586,852	901,701	966,542	1,031,383
Maryland	760,882	1,827,244	2,765,217	2,964,063	3,162,908
Massachusetts	960,822	2,307,396	3,426,464	3,672,860	3,919,256
Michigan	2,304,862	5,535,083	7,694,517	8,247,827	8,801,136

Minnesota	655,358	1,573,831	2,384,499	2,555,967	2,727,435
Mississippi	1,155,208	2,774,210	3,947,447	4,231,307	4,515,166
Missouri	1,149,654	2,760,873	4,187,901	4,489,051	4,790,202
Montana	133,293	320,101	480,907	515,489	550,071
Nebraska	233,263	560,177	841,588	902,106	962,624
Nevada	161,063	386,789	681,285	730,276	779,267
New Hampshire	94,416	226,738	380,718	408,096	435,473
New Jersey	1,132,992	2,720,860	3,927,410	4,209,828	4,492,247
New Mexico	455,419	1,093,679	1,723,251	1,847,169	1,971,088
New York	4,043,228	9,709,736	14,046,501	15,056,579	16,066,658
North Carolina	1,160,762	2,787,548	4,408,317	4,725,317	5,042,318
North Dakota	99,970	240,076	340,643	365,138	389,634
Ohio	2,782,496	6,682,112	9,437,806	10,116,475	10,795,144
Oklahoma	694,236	1,667,194	2,524,763	2,706,318	2,887,873
Oregon	510,957	1,227,055	1,903,591	2,040,478	2,177,364
Pennsylvania	2,360,401	5,668,459	8,175,424	8,763,316	9,351,207
Rhode Island	188,832	453,477	701,323	751,755	802,187
South Carolina	805,313	1,933,945	2,905,482	3,114,414	3,323,346
South Dakota	127,739	306,764	440,832	472,532	504,232
Tennessee	1,327,378	3,187,674	4,929,300	5,283,764	5,638,228
Texas	5,376,160	12,910,748	19,617,010	21,027,662	22,438,314
Utah	294,356	706,890	1,062,004	1,138,372	1,214,740
Vermont	105,524	253,413	380,718	408,096	435,473
Virginia	927,499	2,227,371	3,486,578	3,737,296	3,988,015
Washington	938,606	2,254,046	3,306,238	3,543,988	3,781,738
West Virginia	572,050	1,373,768	2,364,461	2,534,488	2,704,516
Wisconsin	821,975	1,973,957	2,745,179	2,942,584	3,139,989

TABLE 12-6.—TITLE IV-B FAMILY PRESERVATION AND FAMILY SUPPORT SERVICES STATE ALLOTMENTS, FISCAL YEARS 1994-98—Continued

State	Fiscal year 1994 allotments	Fiscal year 1995 allotments	Fiscal year 1996 allotments	Estimated fiscal year 1997 allotments	Estimated fiscal year 1998 allotments
Wyoming	77,754	186,726	260,491	279,223	297,955
American Samoa	90,857	122,095	154,717	160,919	167,122
Guam	129,726	219,181	264,143	278,357	292,571
Northern Mariana	80,428	96,047	119,418	123,036	126,654
Puerto Rico	1,442,746	3,498,785	5,618,957	6,025,218	6,431,479
Virgin Islands	117,401	188,397	214,725	225,321	235,916
Totals	57,400,000	137,383,039	206,750,000	221,600,000	236,450,000
Set-asides:					
Indians (1%)	600,000	1,498,773	2,250,000	2,400,000	2,550,000
T, TA & Eval	2,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Courts	0	5,000,000	10,000,000	10,000,000	10,000,000
Subtotal	2,600,000	12,498,773	18,250,000	18,400,000	18,550,000
Total for fiscal year	60,000,000	1 150,000,000	225,000,000	240,000,000	255,000,000

¹ Includes \$118,188 in lapsed funds.

Source: U.S. Department of Health and Human Services.

After these set-asides are made, remaining entitlement funds are allocated among States according to their relative shares of children receiving food stamps, subject to a 25-percent non-Federal match. States must submit a plan to HHS that provides a detailed account of how the money will be used. At least 90 percent of the funds must be used for two categories of services: family preservation services and community-based family support services. No more than 10 percent of funds can be used for administration. The Federal statute does not specify a percentage or minimum amount of funds that must be used for either family preservation or family support. However, in program guidance to States issued on January 18, 1994, HHS stated that allocations of less than 25 percent to either type of service will require a strong rationale. HHS subsequently restated this position in proposed regulations for the Family Preservation and Family Support Program, issued on October 4, 1994. Final regulations have not yet been published.

Family preservation services are intended for children and families, including extended and adoptive families, that are at risk or in crisis. Services include: programs to help reunite children with their biological families, if appropriate, or to place them for adoption or another permanent arrangement; programs to prevent placement of children in foster care, including intensive family preservation services; programs to provide follow-up services to families after a child has been returned from foster care; respite care to provide temporary relief for parents and other caregivers (including foster parents); and services to improve parenting skills.

Family support services are intended to reach families which are not yet in crisis and to prevent child abuse or neglect from occurring. Family support services are generally community-based activities designed to promote the well-being of children and families, to increase the strength and stability of families (including adoptive, foster and extended families), to increase parents' confidence and competence, to provide children with a stable and supportive family environment, and to enhance child development. Examples include parenting skills training, respite care to relieve parents and other caregivers, structured activities involving parents and children to strengthen their relationships, drop-in centers for families, information and referral services, and early developmental screening for children.

In regulations proposed for the Family Preservation and Family Support Program on October 4, 1994, HHS set forth a series of child and family services "principles" that are intended to guide State implementation of the program. According to HHS, these principles emphasize the paramount importance of safety for all family members, including victims of child abuse and neglect and victims of domestic violence and their dependents. In the preamble to its proposed regulations, HHS states that family preservation "does NOT mean that the family must stay together or 'be preserved' under all circumstances." The principles also are intended to support a family-focused approach while allowing for individual needs, and a service delivery approach that stresses flexibility, accessibility, coordination, and respect for cultural and community strengths.

The Secretary of HHS is required to evaluate Family Preservation and Family Support Programs and to submit interim evaluation findings to Congress by December 31, 1996; final evaluation findings are due by December 31, 1998.

As stated above, a portion of the entitlement funds is reserved for a grant program to the highest State courts to assess and improve certain child welfare proceedings. The court set-aside equals \$5 million in fiscal year 1995 and \$10 million in each of fiscal years 1996–98. A 25 percent non-Federal match is required in each of the last 3 fiscal years.

Courts will use grant funds to assess their procedures and effectiveness in determinations regarding foster care placement, termination of parental rights, and recognition of adoptions. Courts also can use these grant funds to implement changes found necessary as a result of the assessments. According to HHS, 48 States and the District of Columbia chose to implement this program, beginning in fiscal year 1995. Idaho, Pennsylvania, and Wyoming are not participating in the program.

THE TITLE IV–E FOSTER CARE PROGRAM

The Foster Care Program under title IV–E is a permanently authorized entitlement program. The program provides open-ended matching funds to States for the maintenance payments made for AFDC-eligible children in foster care family homes, private non-profit child care facilities, or public child care institutions housing up to 25 people. The program is mandatory for States participating in the AFDC Program (all States participate). The Federal matching rate for a given State is that State's Medicaid matching rate, which averages about 57 percent nationally and can range from 50 to 80 percent. States may claim open-ended Federal matching at a rate of 50 percent for their child placement services and administrative costs. States also may claim open-ended Federal matching at a rate of 75 percent to train personnel employed by the State or by local agencies administering the program and to train foster and adoptive parents. During fiscal years 1994–96, States also have been able to receive Federal matching at the 75 percent rate for eligible costs related to automated child welfare information systems.

States are required to provide foster care maintenance payments to AFDC-eligible children removed from the home of a relative if the child received or would have been eligible for AFDC prior to removal from the home and if the following apply: (1) the removal and foster care placement were based on a voluntary placement agreement signed by the child's parents or guardians or a judicial determination that remaining in the home would be contrary to the child's welfare; (2) reasonable efforts were made to eliminate the need for removal or to return the child to his home; and (3) care and placement of the child are the responsibility of specified public agencies. Children in the AFDC Foster Care Program are also eligible for Medicaid.

Maintenance payments under the Title IV–E Foster Care Program are intended to cover the costs of food, shelter, clothing, daily supervision, school supplies, general incidentals, liability insurance for the child, and reasonable travel to the child's home for visits.

Foster care expenditures and participation rates

The average estimated monthly number of children in AFDC foster care more than doubled between 1983 and 1995, from 97,370 in fiscal year 1983 to 260,737 in fiscal year 1995 (see table 12-3). More detailed data on foster children and their characteristics are described later in this section.

State claims for child placement services and administrative costs for the Title IV-E Foster Care Program have increased considerably since 1981. Current HHS regulations give the following examples of allowable child placement services and administrative costs for the Foster Care Program: referral to services, preparation for and participation in judicial determinations, placement of the child, development of the case plan, case reviews, case management and supervision, recruitment and licensing of foster homes and institutions, rate setting, and a proportionate share of agency overhead. As discussed later, many of these activities are required by the Federal Government as foster care "protections").

Table 12-7 provides a State breakdown of foster care expenditures in fiscal year 1995 for maintenance payments, child placement and administration, data collection, and training expenditures. Note that California and New York account for 43 percent of the estimated fiscal year 1995 expenditures. A more detailed discussion of growth in child placement services and administrative costs is presented below.

Foster care payment rates

Table 12-8 shows each State's monthly foster care payment rates for children ages 2, 9, and 16, as determined in an annual survey conducted by the American Public Welfare Association (APWA). States are allowed to set them at any level; thus, the rates vary widely. For instance, in 1994 the minimum basic monthly rate for a 16-year-old foster child in the State of Alabama was \$241 compared with \$637 in the State of Connecticut. New York City had a monthly payment rate of \$547. The nationwide average for this age group was \$407 per month compared with \$329 for 2-year-olds and \$350 for 9-year-olds. According to APWA, 45 States supplement these base rates for children who have special needs or a need for particular items.

The 1980 reform legislation stipulated that title IV-E foster care payments could be made for children in public institutions, whereas previously under title IV-A payments were limited to children in private nonprofit institutions or foster family homes. To qualify for Federal payments, these public institutions may not accommodate more than 25 children. Facilities operated primarily for the detention of delinquents, including forestry camps and training schools, are ineligible for Federal funds. It is generally agreed that the costs associated with institutional care are substantially higher than the cost of family foster care. For example, the Child Welfare League of America in 1994 estimated that the annual cost of supporting a child in family foster care was \$4,800, compared to an estimated annual cost of \$36,500 for a child in group care.

TABLE 12-7.—FEDERAL FOSTER CARE EXPENDITURES UNDER TITLE IV-E, FISCAL YEAR 1995
 [Estimate, dollars in millions]

State	Maintenance payments	Child placement services and administration	State Automated Child Welfare Information System (SACWIS)	Training	Total	Child placement services and administration as percent of total
Alabama	\$2.06	\$3.98	\$0.32	\$0.93	\$7.29	54.60
Alaska	2.16	4.85	0.51	0.01	7.53	64.41
Arizona	15.07	13.68	4.68	0.89	34.32	39.86
Arkansas	6.97	11.77	3.40	8.24	30.38	38.74
California	297.48	240.10	0.00	32.30	569.88	42.13
Colorado	6.65	15.64	0.01	2.12	24.42	64.05
Connecticut	12.45	31.06	9.51	3.01	56.03	55.43
Delaware	0.86	2.41	1.15	0.34	4.76	50.63
District of Columbia	5.83	10.70	0.00	0.14	16.67	64.19
Florida	23.17	42.31	2.04	1.86	69.38	60.98
Georgia	11.79	8.37	0.47	2.77	23.40	35.77
Hawaii	2.66	5.85	0.00	0.25	8.76	66.78
Idaho	0.89	2.23	2.50	0.00	5.62	39.68
Illinois	99.98	80.37	0.00	10.11	190.46	42.20
Indiana	38.35	33.17	0.63	0.46	72.61	45.68
Iowa	7.44	4.22	2.08	0.99	14.73	28.65
Kansas	8.64	8.15	0.96	3.62	21.37	38.14
Kentucky	17.59	20.01	1.65	5.12	44.37	45.10
Louisiana	20.01	12.31	0.00	2.53	34.85	35.32
Maine	12.01	1.47	0.23	1.12	14.83	9.91
Maryland	23.35	24.68	0.00	4.34	52.37	47.13
Massachusetts	33.61	47.13	0.51	1.21	82.46	57.15
Michigan	59.77	52.11	0.28	(0.42)	111.74	46.64
Minnesota	21.72	7.67	0.15	4.34	33.88	22.64

Mississippi	1.76	3.45	0.00	0.37	5.58	61.83
Missouri	17.47	15.02	0.59	5.07	38.15	39.37
Montana	4.07	1.15	3.76	0.02	9.00	12.78
Nebraska	8.57	6.56	0.13	2.23	17.49	37.51
Nevada	1.32	1.08	0.28	0.11	2.79	38.71
New Hampshire	3.92	3.91	0.04	0.35	8.22	47.57
New Jersey	15.32	13.40	0.00	0.04	28.76	46.59
New Mexico	2.86	1.86	0.98	1.01	6.71	27.72
New York	421.52	294.04	1.07	14.50	731.13	40.22
North Carolina	32.85	6.64	0.34	1.32	41.15	16.14
North Dakota	2.89	3.45	0.60	0.65	7.59	45.45
Ohio	68.38	52.63	0.00	6.08	127.09	41.41
Oklahoma	6.41	4.80	15.32	2.43	28.96	16.57
Oregon	9.78	13.24	2.81	1.83	27.66	47.87
Pennsylvania	138.81	41.76	0.00	6.60	187.17	22.31
Rhode Island	4.80	3.31	0.45	0.08	8.64	38.31
South Carolina	6.08	3.69	0.40	1.91	12.08	30.55
South Dakota	0.89	1.46	0.04	0.04	2.43	60.08
Tennessee	15.42	7.17	0.00	1.74	24.33	29.47
Texas	50.64	4.94	41.58	2.84	100.00	4.94
Utah	3.96	4.49	1.09	0.95	10.49	42.80
Vermont	5.74	1.77	0.02	0.67	8.20	21.59
Virginia	6.21	11.05	0.00	2.38	19.64	56.26
Washington	9.87	2.16	0.18	0.38	12.59	17.16
West Virginia	3.86	1.39	0.06	0.56	5.87	23.68
Wisconsin	19.56	24.13	0.00	1.27	44.96	53.67
Wyoming	0.52	0.22	0.00	0.00	0.74	29.73
Total	1,593.99	1,213.01	100.82	141.71	3,049.53	39.78

Totals may differ from sum of State amounts due to rounding.

Source: U.S. Department of Health and Human Services.

TABLE 12-8.—FOSTER CARE BASIC MONTHLY MAINTENANCE RATES FOR CHILDREN AGES 2, 9, AND 16, SELECTED YEARS 1987-94

State	Age 2						Age 9						Age 16					
	1987	1991	1993	1994	1994	1994	1987	1991	1993	1994	1994	1994	1987	1991	1993	1994		
Alabama	168	181	205	205	205	205	188	202	229	229	229	229	198	213	241	241		
Alaska	428	561	588	588	588	588	478	499	523	523	523	523	565	592	621	621		
Arizona	223	247	295	297	297	297	223	247	284	286	286	286	282	305	362	365		
Arkansas	175	195	300	300	300	300	190	210	325	325	325	325	220	240	375	375		
California	294	345	345	345	345	345	340	400	400	400	400	400	412	484	484	484		
Colorado	235	296	313	319	319	319	266	296	313	319	319	319	318	352	372	379		
Connecticut	268	386	515	567	567	567	302	424	524	586	586	586	350	478	593	637		
Delaware	264	301	301	342	342	342	266	304	304	342	342	342	342	391	391	440		
District of Columbia	304	304	437	431	431	431	304	304	437	431	431	431	317	317	526	519		
Florida	233	296	296	296	296	296	233	296	296	296	296	296	293	372	372	372		
Georgia	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300		
Hawaii	194	529	529	529	529	529	233	529	529	529	529	529	301	529	529	529		
Idaho	138	198	198	228	228	228	165	205	205	250	250	250	204	278	278	338		
Illinois	233	268	311	322	322	322	259	299	346	358	358	358	282	325	377	390		
Indiana	226	281	405	405	405	405	245	330	462	462	462	462	280	398	518	518		
Iowa	159	198	308	328	328	328	201	243	322	342	342	342	285	300	382	405		
Kansas	187	304	304	205	205	205	245	304	304	277	277	277	280	386	386	351		
Kentucky	248	265	263	263	263	263	263	288	285	285	285	285	300	333	330	330		
Louisiana	199	283	298	298	298	298	232	316	331	331	331	331	265	349	364	364		
Maine	244	296	296	296	296	296	250	304	304	304	304	304	291	353	353	353		
Maryland	285	535	535	535	535	535	285	535	535	535	535	535	303	550	550	550		
Massachusetts	362	410	415	410	410	410	362	410	415	410	410	410	433	486	492	486		
Michigan	315	332	354	383	383	383	315	332	354	383	383	383	395	416	442	454		
Minnesota	285	341	377	377	377	377	285	341	377	377	377	377	375	442	487	487		
Mississippi	130	145	175	175	175	175	150	165	205	205	205	205	160	175	250	250		
Missouri	174	209	212	212	212	212	212	255	259	259	259	259	232	281	286	286		
Montana	283	307	322	330	330	330	283	307	322	330	330	330	354	384	406	416		

Nebraska	210	222	326	326	210	291	394	394	210	351	461	461
Nevada	275	281	281	281	275	281	281	281	330	337	337	337
New Hampshire	200	200	324	314	251	251	354	342	354	354	418	404
New Jersey	203	244	264	272	215	259	280	288	253	305	320	340
New Mexico	236	258	258	308	247	270	270	341	259	281	281	367
New York	312	353	367	367	375	424	441	441	434	490	510	510
New York City	342	386	401	401	403	455	473	473	465	526	547	547
North Carolina	215	265	265	315	215	265	265	365	215	265	265	415
North Dakota	240	260	265	265	287	312	318	318	345	416	424	424
Ohio	240	289	381	413	270	328	381	413	300	366	381	413
Oklahoma	300	300	300	300	360	360	360	360	420	420	420	420
Oregon	200	285	305	315	234	295	317	327	316	363	391	404
Pennsylvania	558	303	306	315	558	319	357	368	558	377	459	473
Rhode Island	223	274	273	279	223	274	273	279	275	335	334	341
South Carolina	138	182	182	212	158	209	209	239	208	275	275	305
South Dakota	188	237	251	259	230	291	308	317	276	349	370	382
Tennessee	139	255	336	336	190	226	262	262	224	267	385	385
Texas	243	420	476	476	243	420	476	476	274	420	476	476
Utah	198	300	310	300	198	300	310	300	225	300	310	300
Vermont	210	371	321	416	249	371	321	416	268	447	386	504
Virginia	193	246	251	256	244	288	294	300	309	365	372	379
Washington	184	270	278	292	227	332	342	359	268	392	405	425
West Virginia	161	161	161	161	202	202	202	202	242	242	242	242
Wisconsin	163	231	240	276	224	257	267	301	284	324	337	361
Wyoming	300	400	400	400	300	400	400	400	330	400	400	400
Average monthly rates	239	294	321	329	263	314	339	350	307	365	394	407

Note.—Figures are rounded to the nearest dollar. Most States and/or counties supplement these basic rates with additional payments.

Source: American Public Welfare Association.

Exclusion of foster children from AFDC assistance units

The Deficit Reduction Act of 1984 (Public Law 98-369) required that certain blood-related, adoptive parents or siblings be included in the family unit if the family applies for income assistance under the AFDC Program. Because there was no statutory exclusion for foster care recipients, AFDC operating policy required that their income be included with the family's when the family's eligibility was determined. However, Public Law 99-514, enacted in 1986, stated that a foster child who is receiving IV-E maintenance payments must not be considered a family member during the time the family receives AFDC, and that the child's income in the form of maintenance payments, and other income and resources, must be excluded from the family's as well.

The Omnibus Budget Reconciliation Act of 1990 (Public Law 101-508) repealed the 1986 provision and added a new section 409 to title IV-A stipulating that foster children receiving maintenance payments under title IV-E or under State or local programs are not considered family members for purposes of AFDC. Similarly, the law specifies that children receiving adoption assistance payments under either title IV-E or State or local law are not considered family members for AFDC purposes, unless the family would lose AFDC benefits as a result.

THE TITLE IV-E ADOPTION ASSISTANCE PROGRAM

The Title IV-E Adoption Assistance Program is an open-ended entitlement program required of States that participate in AFDC (all States participate). Like the IV-E Foster Care Program, the IV-E Adoption Program funds three distinct types of activities: maintenance payments for qualified children who are adopted, administrative payments for expenses associated with placing children in adoption, and training of professional staff and parents involved in adoptions.

Under the adoption program, which is permanently authorized, States develop adoption assistance agreements with parents who adopt eligible children with special needs. Federal matching funds are provided to States that, under these agreements, provide adoption assistance payments to parents who adopt AFDC- or SSI-eligible children with special needs. In addition, the program authorizes Federal matching funds for States that reimburse the non-recurring adoption expenses of adoptive parents of special needs children (regardless of AFDC or SSI eligibility).

Definition of special needs

A special needs child is defined in the statute as a child with respect to whom the State determines there is a specific condition or situation, such as age, membership in a minority or sibling group, or a mental, emotional, or physical handicap, which prevents placement without special assistance. Before a child can be considered to be a child with special needs, the State must determine that the child cannot or should not be returned to the biological family, and that reasonable efforts have been made to place the child without providing adoption assistance. States have discretion in defining special needs eligibility criteria and individually determining

whether a child is eligible. For example, some States add religion or not being able to place the child without subsidy to the definition of special needs.

Adoption assistance agreements and payments

An adoption assistance agreement is a written agreement between the adoptive parents, the State IV-E agency, and other relevant agencies (such as a private adoption agency) specifying the nature and amount of assistance to be given. Under the adoption assistance agreement, States may make monthly adoption assistance payments for AFDC- and SSI-eligible children with special needs who are adopted.

The amount of adoption assistance payments to be made is based on the circumstances of the adopting parents and the needs of the child. No means test can be used to determine eligibility of parents for the program; however, States do use means tests to determine the amount of the payment. Payments may be adjusted periodically if circumstances change, with the concurrence of the adopting parents. However, the payments may not exceed the amount the family might have received on behalf of the child under foster care. Adoption assistance payments may continue until the child is age 18, or, at State option, age 21 if the child is mentally or physically handicapped. Payments are discontinued if the State determines that the parents are no longer legally responsible for the support of the child. Federally subsidized payments may start as soon as an agreement is signed and the child has been placed in an adoptive home. Parents who have been receiving adoption assistance payments must keep the State or local agency informed of circumstances that would make them ineligible for payments, or eligible for payments in a different amount.

The Federal matching rate for the adoption assistance payments is based on each State's Medicaid matching rate. States may also claim open-ended Federal matching at the rate of 50 percent for the costs of administering the program and for training both staff and adoptive parents at the rate of 75 percent.

Not all families of adopted IV-E eligible children with special needs actually receive adoption assistance payments. The adoptive parents' circumstances may be such that an adoption subsidy is not needed or wanted. Adopted AFDC- or SSI-eligible children with special needs are also eligible for Medicaid if an adoption assistance agreement is in effect, regardless of whether adoption assistance payments are being made.

States also have the option under the Medicaid Program to provide Medicaid coverage for other special needs children (those not eligible for AFDC or SSI) who are adopted if they have been identified as a special category of medically needy children under a State's Medicaid Program. Pursuant to the 1985 budget reconciliation legislation, a child for whom an adoption assistance agreement is in effect is eligible for Medicaid from the State in which the child resides regardless of whether the State is the one with which the adoptive parents have an adoption assistance agreement.

The structure of adoption subsidy programs varies across States. Some States offer basic maintenance payments and also allow additional payments for certain activities (such as family counseling) or

for certain groups of children (such as children with severe handicaps). Other States offer one level of payment to everyone with no special allowances. Some States allow parents to request changes in payment levels on a regular basis if circumstances change for a child; others allow very little change once the adoption agreement is signed. Some States start payments as soon as placement is made; others not until the adoption is finalized.

Not all children who receive adoption subsidies from States are eligible for Federal IV-E funds. The American Public Welfare Association (APWA) estimates that at the end of 1990 (the latest year for which data are available), approximately half of the estimated 99,000 children nationwide whose families received adoption subsidies were IV-E eligible. The non-IV-E children's adoption subsidies are paid solely by the State in which their adoption agreement was signed. States differ in whether comparable IV-E children and non-IV-E children receive similar adoption subsidy amounts.

Nonrecurring adoption costs

The Adoption Assistance Program also authorizes Federal matching funds for States to pay the one-time adoption expenses of parents of special needs children (regardless of AFDC or SSI eligibility). In order to be eligible, the child must be a child with special needs, as defined in section 473(c) of the Social Security Act and described above.

Through the program, parents may receive reimbursement of up to \$2,000 per child for these nonrecurring adoption expenses, and States may claim 50 percent Federal matching for these reimbursements. Qualified adoption expenses are defined as reasonable and necessary adoption fees, court costs, attorney fees, and other expenses that are directly related to the adoption of a child with special needs. States may vary in the maximum amount they allow parents to receive under this provision (see table 12-9 for State-by-State data on maximum reimbursement rates).

All 49 States have implemented the program; the District of Columbia has not. However, the average reimbursements have not equaled the \$2,000 Federal cap, with the average payment being \$966 in 1996. According to the Association of Administrators of the Interstate Compact on Adoption and Medical Assistance (AAICAMA), for which the American Public Welfare Association serves as the secretariat, in a number of States, the larger amounts of nonrecurring adoption costs are being paid for costs incurred in the adoption of special needs children from foreign countries and private agencies. Parent adopting children from the public child welfare agencies are not claiming as many expenses because many costs incurred in the adoption of these children are already covered under the States' adoption programs.

TABLE 12-9.—STATE REIMBURSEMENT OF NONRECURRING ADOPTION COSTS, 1991, 1992, AND 1996

State	Has your State implemented the reimbursement program?	Maximum payment	Estimated average payment of May 1991	Estimated average payment of April 1992	Estimated average payment as of April 1996	Major reimbursement cost(s)
Alabama	Yes	\$1,000	\$350	\$412	\$1,000	Legal fees, travel, preplacement visits.
Alaska	Yes	2,000	1,200	829	¹ NA	Legal fees, travel, home studies.
Arizona	Yes	2,000	2,000	1,596	2,000	Legal fees, agency fees, travel, home studies.
Arkansas	Yes	1,500	100	500	200	Court filing, fingerprint checks.
California	Yes	500	400	400	500	Agency fees.
Colorado	Yes	800	250	250	800	Legal fees.
Connecticut	Yes	750	90	90	424	Legal fee.
Delaware	Yes	2,000	300	300	NA	Agency fees.
District of Columbia	No					
Florida	Yes	1,000	400	400	1,000	Attorney fees.
Georgia	Yes	700	400	400	400	Legal fees.
Hawaii	Yes	2,000	NA	NA	NA	
Idaho	Yes	2,000	NA	350	² 550	Agency fees, attorney fees, travel.
					2,000	
					average = 1,275	
Illinois	Yes	1,500	NA	NA	NA	Legal fees, home studies.
Indiana	Yes	1,500	635	NA	700	Legal fees, agency fees.
Iowa	Yes	1,000	700	700	300	Legal fees.
Kansas	Yes	2,000	NA	NA	700	Legal fees, home studies, travel.
Kentucky	Yes	1,000	378	378	476	Legal fees, agency fees.
Louisiana	Yes	1,000	400	600	600	Legal fees.
Maine	Yes	³ 2,000	NA	.....	NA	Legal fees, travel.
Maryland	Yes	2,000	NA	2,000	2,000	Legal fees, travel, home studies by private agencies. ⁴

TABLE 12-9.—STATE REIMBURSEMENT OF NONRECURRING ADOPTION COSTS, 1991, 1992, AND 1996—Continued

State	Has your State implemented the reimbursement program?	Maximum payment	Estimated average payment of May 1991	Estimated average payment of April 1992	Estimated average payment as of April 1996	Major reimbursement cost(s)
Massachusetts	Yes	400	400	.....	400	Legal fees, home studies.
Michigan	Yes	2,000	.....	.....	170	Court fees, birth certificate cost.
Minnesota	Yes	2,000	2,000	2,000	1,750	Legal fees, agency fees.
Mississippi	Yes	1,000	500	500	550	Legal fees.
Missouri	Yes	2,000	NA	5 45	625—legal 910—other average = 1,535	Legal fees, agency fees.
Montana	Yes	2,000	1,000	1,000	200	Legal fees, home studies, private agency fees.
Nebraska	Yes	1,500	NA	NA	1,500	Legal fees, private agency fees, travel.
Nevada	Yes	250	250	250	NA	Legal fees, travel, home studies.
New Hampshire	Yes	2,000	2,000	2,000	1,556	Legal costs, agency fees, travel.
New Jersey	Yes	2,000	NA	850	NA	Home studies, legal fees.
New Mexico	Yes	2,000	500	500	NA	Legal fees, travel.
New York	Yes	2,000	500	500	600	Legal fees.
North Carolina	Yes	2,000	NA	176	NA	Legal fees.
North Dakota	Yes	2,000	350	540	NA	Legal fees.
Ohio	Yes	2,000	761	672	2,000	Legal fees, travel.
Oklahoma	Yes	2,000	2,000	350	⁶ domestic—275 tribal, foreign—2,000 private average = 1,138	Legal fees, agency fees.
Oregon	Yes	2,000	300	450	NA	Legal fees.
Pennsylvania	Yes	2,000	NA	700	811	Legal fees, agency fees.

Rhode Island	Yes	1,000	NA	902	1,000	Legal fees, home studies, preadoption super-vision.
South Carolina	Yes	1,500	750	750	1,500	Legal fees.
Texas	Yes	1,500	NA	NA	875	Legal fees, agency fees.
Utah	Yes	2,000	327	327	650	Legal fees, home studies, travel.
Vermont	Yes	2,000	1,500	1,500	72,000	Legal fees, home studies, agency placement fees.
Virginia	Yes	2,000	280	396	884	Legal fees.
Washington	Yes	1,500	655	780	636	Legal fees.
West Virginia	Yes	2,000	.....	.....	1,400	Legal fees, private agency home studies.
Wisconsin	Yes	2,000	655	780	468	Legal fees home studies.
Wyoming	Yes	2,000	350	350	NA	Legal fees.
Average	XXX	1,651	682	664	8,966	

¹ Alaska: Indicated that the maximum amount was being paid primarily for the adoption of special needs children from foreign countries.
² Idaho: For domestic adoptions, the average payment is \$500; For foreign (China & Haiti) adoptions, the average payment is \$2,000. This differential is due to the fact that most expenses are paid for by the public agency when a child is adopted from the public agency.
³ Maine: The program was not implemented until 1996.
⁴ Maryland: Bills submitted are often over \$5,000, many of which are for children adopted from foreign countries.
⁵ Missouri: The low cost of this number is due to the fact that at the time the state was able to secure a lot of pro bono legal representation.
⁶ Oklahoma: The average payment for children adopted from the Department of Human Services is \$275; For special needs children adopted from foreign countries, private agencies, and tribal adoptions, the average payment is \$2,000.
⁷ Vermont: Most payments made for nonrecurring adoption costs are for children adopted from foreign countries; nonrecurring adoption costs are paid for the adoption of special needs children being adopted from foreign countries. There are few, if any, costs for adopting children from the public agency.
⁸ This number accounts for the total average payment of nonrecurring adoption costs in 36 States.

NA—Not available.

Source: Special survey conducted in spring 1996 by the American Public Welfare Association.

Adoption assistance expenditures

The number of children receiving adoption assistance payments and the Federal expenditures for these payments have increased significantly since the program began. In fiscal year 1981, only six States participated in the program, with payments being made for an average of 165 children per month. In fiscal year 1995, 50 States plus the District of Columbia participated, and 78,044 children (see table 12-10) were served.

Federal expenditures for adoption assistance payments have increased from less than \$400,000 in fiscal year 1981 to an estimated \$411 million in fiscal year 1995, and are expected to reach \$482 million in fiscal year 1996.

HHS data indicate that expenditures for child placement services and administration for the Adoption Assistance Program have also increased significantly in recent years. In fiscal year 1981, claims totaled \$100,000; in fiscal year 1995 they totalled an estimated \$105 million and are expected to be \$123 million in fiscal year 1996.

THE TITLE IV-E INDEPENDENT LIVING PROGRAM

In 1986, title IV-E was amended by Public Law 99-272 (Consolidated Omnibus Budget Reconciliation Act of 1985) to include section 477, which established the Independent Living Program to assist youth who would eventually be emancipated from the foster care system. Several surveys conducted during the mid-1980s showed that a significant number of homeless shelter users had been recently discharged from foster care, thereby prompting Congress to establish a program to help youngsters in foster care establish their independence.

An annual entitlement amount of \$45 million was established for 1987 and 1988 to provide States with the resources to create and implement independent living services. These services are designed to assist AFDC-eligible children age 16 and over make a successful transition from foster care to independent adult living when they become ineligible for foster care maintenance payments at age 18. In 1988, the program was expanded under Public Law 100-647, which permitted States to provide independent living services to all youth in foster care aged 16 to 18 (not just title IV-E-eligible youth); States could also provide follow-up services to youth up to 6 months after their emancipation from substitute care. Under Public Law 101-508, States have the option of serving individuals up to age 21 in the Independent Living Program. Funds are allocated on the basis of each State's share of children receiving IV-E foster care in 1984.

TABLE 12-10.—ADOPTION ASSISTANCE STATE CLAIMS, FISCAL YEARS 1990-95, AND AVERAGE NUMBER OF CHILDREN RECEIVING ADOPTION ASSISTANCE, FISCAL YEAR 1995

[In thousands of dollars]

State	Fiscal year						1995 Average monthly number of children
	1990 Claims	1991 Claims	1992 Claims	1993 Claims	1994 Claims	1995 Claims	
Alabama	\$384	\$1,054	\$1,070	\$1,195	\$1,830	\$1,866	238
Alaska	170	360	590	839	1,070	1,286	376
Arizona	1,182	1,338	1,660	3,117	3,960	5,522	1,095
Arkansas	507	582	670	1,241	1,960	1,541	317
California	19,742	27,747	30,230	36,623	43,590	48,235	14,146
Colorado	774	1,177	1,120	1,961	3,230	3,315	1,198
Connecticut	1,137	1,529	2,640	3,652	6,310	7,028	1,141
Delaware	251	330	380	413	430	536	181
District of Columbia	772	(191)	820	1,269	1,970	1,846	319
Florida	5,354	5,357	7,980	8,257	10,580	16,824	3,776
Georgia	1,076	1,341	2,070	3,146	3,320	4,365	1,189
Hawaii	81	47	160	243	480	606	159
Idaho	294	330	360	570	580	753	233
Illinois	4,643	4,376	6,300	7,558	13,060	16,802	5,568
Indiana	1,636	2,540	4,020	5,711	6,710	7,338	1,958
Iowa	996	2,878	2,750	2,923	3,870	4,976	1,204
Kansas	539	725	880	1,576	2,240	2,740	1,341
Kentucky	2,206	2,692	2,930	3,052	3,320	3,539	799

TABLE 12-10.—ADOPTION ASSISTANCE STATE CLAIMS, FISCAL YEARS 1990-95, AND AVERAGE NUMBER OF CHILDREN RECEIVING ADOPTION ASSISTANCE, FISCAL YEAR 1995—Continued

[In thousands of dollars]

State	Fiscal year						1995 Average monthly number of children
	1990 Claims	1991 Claims	1992 Claims	1993 Claims	1994 Claims	1995 Claims	
Louisiana	1,481	2,746	5,830	7,656	9,320	11,043	1,431
Maine	984	1,229	2,300	2,646	2,960	2,794	521
Maryland	1,005	1,219	1,680	2,385	2,880	3,633	1,064
Massachusetts	3,618	5,010	6,230	7,134	8,380	9,604	2,875
Michigan	11,881	14,202	17,540	21,868	26,840	31,917	9,138
Minnesota	1,101	1,462	1,710	4,003	4,620	5,224	1,121
Mississippi	351	398	410	410	390	667	247
Missouri	1,695	2,470	5,450	4,674	5,190	6,743	2,305
Montana	192	603	530	631	760	905	241
Nebraska	665	767	1,000	1,179	1,560	1,771	607
Nevada	162	204	250	333	460	669	177
New Hampshire	295	438	620	600	740	842	324
New Jersey	2,844	4,157	5,000	6,009	6,700	8,869	2,271
New Mexico	1,178	1,609	1,810	1,798	1,890	2,438	733
New York	33,336	39,200	44,400	57,520	72,590	89,816	20,518
North Carolina	739	836	1,090	1,748	2,550	4,228	1,475
North Dakota	172	250	350	466	500	461	145

Ohio	9,608	14,167	18,860	22,964	30,300	35,007	8,116
Oklahoma	1,069	1,161	1,630	1,960	2,240	2,950	579
Oregon	969	1,547	2,370	2,804	3,300	4,020	2,167
Pennsylvania	2,960	4,263	5,440	6,820	8,090	10,273	2,597
Rhode Island	3,069	3,353	3,610	4,399	4,610	4,194	630
South Carolina	1,568	1,766	2,070	2,235	2,910	3,915	621
South Dakota	50	492	540	555	630	649	267
Tennessee	1,345	2,010	2,100	3,573	3,240	3,620	974
Texas	4,546	5,233	6,750	9,142	14,520	17,160	3,943
Utah	376	447	660	748	1,240	1,158	375
Vermont	1,147	1,248	1,740	2,009	1,860	1,947	391
Virginia	1,014	1,655	1,970	2,291	2,590	2,997	1,296
Washington	620	2,055	4,000	1,987	3,940	3,013	2,405
West Virginia	197	230	260	285	440	492	160
Wisconsin	3,714	4,565	5,290	6,171	7,730	9,056	1,736
Wyoming	45	79	110	60	60	23	6
Total	135,740	175,283	220,230	272,409	344,540	411,216	106,880

Totals may differ from sum of State amounts because of rounding.

Source: U.S. Department of Health and Human Services.

Public Law 101-239 increased the amount of Federal entitlement funds available to the States for the Independent Living Program to \$50 million for fiscal year 1990, \$60 million for fiscal year 1991, and \$70 million for fiscal year 1992. Beginning in fiscal year 1991, States are required to provide 50 percent matching for any Federal funding claimed that exceeds the original \$45 million funding level. In 1993, Congress permanently extended the authority for independent living under Public Law 103-66. Table 12-11 shows State allotments under the Independent Living Program in fiscal year 1995.

Section 477 of title IV-E instructed HHS to carry out a study of the program's effectiveness. Under contract with HHS, Westat, Inc. completed the first phase of the study in 1989 (Cook, 1990) and the second phase in 1992 (Cook, 1992). The first phase is a purely descriptive assessment of the needs of youth emancipated from foster care between January 1, 1987 and July 31, 1988, States' development of Independent Living Programs to serve these youth, and the proportion of youth served.

The first report found that independent living services offered by the States generally fell into the following categories: basic skills training (including health promotion, housekeeping, money management, decisionmaking, and food and nutrition management); education initiatives (including private tutoring, and GED and college preparation); and employment initiatives (including job training and placement, and personal presentation and social skills). In addition, 14 States held teen conferences designed to bring these foster care youth together to provide them with supportive contacts, teach them independent living skills, focus on self-esteem building, and help prepare them for their impending emancipation from foster care.

The report concluded that emancipated youth were a troubled population. In the study population, two-thirds of 18-year-olds did not complete high school or a GED and 61 percent had no job experience. In addition, 38 percent had been diagnosed as emotionally disturbed, 17 percent had a drug abuse problem, 9 percent had a health problem, and 17 percent of the females were pregnant. The group also lacked placement stability. During the time they were in foster care, 58 percent experienced at least three living arrangements and approximately 30 percent had been in substitute care for an average of 9 years.

Of the total 34,600 youth emancipated from foster care during the study period, 31 percent received services through their State's formalized Independent Living Program, 29 percent received non-formalized (but related) services, and 40 percent received no independent living services at all.

The second phase of the Westat report, released in 1992, followed up on youths who had been emancipated from foster care during the period from January 1987 to July 1988. Interviews conducted with these youths about their experiences after leaving foster care revealed several notable results. First, many of the skills encouraged by the Independent Living Program were positively related to good outcomes once the adolescents left foster care. These skills included money management, consumer education, and job training. Westat also found that 2½ to 4 years after leaving foster care,

many of the youths were encountering problems adjusting to life as an adult. Only about half had completed high school, a little less than half had jobs and only about 40 percent had had a job for at least 1 year, 60 percent of the females had given birth, 25 percent of the youth had been homeless for at least one night, and fewer than 1 in 5 were completely self-supporting.

TABLE 12-11.—TITLE IV-E INDEPENDENT LIVING FEDERAL AWARDS, FISCAL YEAR 1995

[In thousands of dollars]

State	Total awards
Alabama	\$1,044
Alaska	13
Arizona	350
Arkansas	272
California	12,554
Colorado	830
Connecticut	759
Delaware	204
District of Columbia	927
Florida	993
Georgia	1,105
Hawaii	18
Idaho	108
Illinois	2,833
Indiana	1,020
Iowa	452
Kansas	722
Kentucky	792
Louisiana	1,358
Maine	569
Maryland	1,245
Massachusetts	639
Michigan	4,195
Minnesota	1,148
Mississippi	517
Missouri	1,302
Montana	244
Nebraska	438
Nevada	155
New Hampshire	322
New Jersey	2,311
New Mexico	208
New York	11,651
North Carolina	1,051
North Dakota	193
Ohio	2,877
Oklahoma	624
Oregon	931
Pennsylvania	4,664
Rhode Island	317
South Carolina	583
South Dakota	193

TABLE 12-11.—TITLE IV-E INDEPENDENT LIVING FEDERAL AWARDS, FISCAL YEAR
1995—Continued

[In thousands of dollars]

State	Total awards
Tennessee	782
Texas	1,852
Utah	203
Vermont	297
Virginia	1,362
Washington	830
West Virginia	335
Wisconsin	1,563
Wyoming	45
Total	70,000

Source: U.S. Department of Health and Human Services.

PROTECTIONS FOR CHILDREN IN FOSTER CARE**PROTECTIONS LINKED TO TITLE IV-B CHILD WELFARE SERVICES
FUNDING**

To encourage State use of IV-B funds to help keep families together and prevent the placement of children in substitute care, the 1980 legislation requires that if the title IV-B appropriation exceeds the Federal appropriation in 1979 (\$56.5 million), States may not use any funds in excess of their portion of the \$56.5 million for foster care maintenance payments, adoption assistance, or work-related child care. Appropriations for title IV-B have consistently exceeded this amount.

Further, since 1980, States have not been eligible for all of their Federal IV-B funds unless the following protections have been implemented: (1) a one-time inventory of children in foster care more than 6 months to determine the appropriateness of and necessity for the current foster care placement, whether the child should be returned to his parents or freed for adoption, and the services necessary to achieve this placement goal; (2) a statewide information system from which the status, demographic location, and placement goals of every child in care for the preceding 12 months can be determined; (3) a case review system to assure procedural safeguards for each child in foster care, including a 6-month court or administrative review and an 18-month dispositional hearing to assure placement in a setting that is the least restrictive (most family-like) setting available, in close proximity to the original home, and in the best interest of the child; and (4) a reunification program to return children to their original homes. These provisions have been contained in section 427 of the Act. Effective for fiscal years beginning after April 1, 1996, however, these protections are required of States as a component of their State plans, under section 422(b)(9) of the Act. This change was enacted under the Omnibus Budget Reconciliation Act of 1993 (Public Law 103-66).

In addition to the protections specified above, States have been required to implement a preplacement preventive service program if the title IV-B appropriation amount is \$325 million for 2 consecutive years. The amount appropriated for title IV-B has never been sufficient to trigger this provision. However, effective April 1, 1996, States are required to implement preplacement preventive services as a component of their State plans. In addition, under Public Law 103-66, States are required to review their policies and procedures related to abandoned children and to implement any changes necessary to enable permanent placement decisions to be made expeditiously for such children.

MANDATORY PROTECTIONS FOR FOSTER CHILDREN FUNDED UNDER TITLE IV-E

The 1980 legislation strengthened the State plan requirements under title IV-E to emphasize protections for foster children originating from families eligible for AFDC at the time of placement. By law, for children receiving payments under the title IV-E State plan, States must establish specific goals as to the maximum number of children in care more than 24 months, and a description of the steps the State will take to meet these goals. In addition, State IV-E plans must include the same case review provisions for IV-E-eligible children as are required for all foster children under the title IV-B protections (described above). The case review must be conducted every 6 months and include:

1. A written document describing the child's placement and its appropriateness;
2. A plan, if necessary, for compliance with requirements made by judicial determination;
3. A plan of services to be provided to improve family conditions and facilitate the reunification of the child with her family, or—if reunification is not possible—to provide for a permanent placement and to serve the needs of the child during the time she is placed in foster care; and case plans showing that reasonable efforts have been made prior to placement to prevent the need for placement or to return the child home if removed.

As a result of Public Law 101-239, foster children's case records must include their health and education records. The names and addresses of the child's health and educational providers must be recorded as well as the child's grade level performance, school record, and assurances that the child's placement takes into account the proximity of the school in which the child was enrolled at the time of placement. In addition, a record of the child's immunizations, medical problems, required medications, and other relevant information must be included.

The 1980 law provided sanctions for noncompliance with these State plan requirements and mandated an independent audit of States' title IV-E programs (including adoption assistance) and an administrative review (see below).

REASONABLE EFFORTS REQUIREMENT

The 1980 legislation requires that reasonable efforts must be made to prevent the placement of a child in foster care, and to re-

unify a foster child with his parents. The Social Security Act specifies this requirement in two separate provisions. First, in order for a State to be eligible for title IV-E funding, its plan must specify that reasonable efforts will be made prior to the placement of a child in foster care to prevent the need for foster care or to help the child return home (sec. 471 (a)(15)). Second, every IV-E-eligible child placed in foster care must have a judicial determination that reasonable efforts were made to prevent out-of-home placement in that particular case (sec. 472(a)(1)).

The term "reasonable efforts" is not defined in the law, nor has it been defined by HHS in federal regulations. For States to comply with the plan requirement on reasonable efforts, HHS regulations require State plans to include a description of the services offered and provided to prevent removal of children from their homes and to reunify the family. The regulations further provide an illustrative list of the types of preplacement preventive and reunification services that may be offered. This list includes: 24-hour emergency caretaker and homemaker services, day care, crisis counseling, emergency shelters, access to available emergency financial assistance, respite care, home-based family services, self-help groups, services to unmarried parents, provision of or arrangement for mental health, drug and alcohol abuse counseling, vocational counseling or vocational rehabilitation, and postadoption services. The actual services to be provided in specific cases depends on State, and in some cases, individual judicial interpretations of the Federal law. Research conducted by the American Bar Association in the mid-1980s (Ratterman, Dodson & Hardin, 1987) and anecdotal reports since then indicate that the interpretation of reasonable efforts varies widely among States.

As a result of the lack of definition of "reasonable efforts," Federal courts are becoming a source of direction for defining reasonable efforts in individual cases. Nationwide, foster children, parents, and advocacy groups have brought suits against State and local child welfare systems challenging their failure, in whole or in part, to make reasonable efforts to preserve or reunify families. In deciding these cases, courts are defining what State actions would fulfill the reasonable efforts criterion.

Federal courts are also becoming increasingly involved in the child welfare system, although this has traditionally been an area within exclusive State jurisdiction. On March 25, 1992, the U.S. Supreme Court decided in *Suter v. Artist M.*, an Illinois case, that the reasonable efforts requirement of Public Law 96-272 does not confer a private right on the child beneficiaries of the Act.

The plaintiffs, abused and neglected children in State custody, brought suit under the Act and under 42 U.S.C. 1983 alleging that the State social services agency failed to: (1) make "reasonable efforts" to prevent the removal of children from their homes; (2) make "reasonable efforts" to reunify children who have been removed from their homes with their families; (3) notify appropriate agencies when a child is mistreated while placed in another home; and (4) develop case plans to assure proper services are provided to children while in placement. State officials questioned the appropriateness of involvement by the Federal judiciary in the resolution

of child welfare disputes and in the operation of child welfare systems.

Both the district court and the seventh circuit court of appeals held that the “reasonable efforts” requirements conferred enforceable rights on the child beneficiaries which were sufficiently specific to be enforceable in an implied cause of action directly under Public Law 96-272 or in an action brought under 42 U.S.C. 1983. The Supreme Court reversed, and construed the “reasonable efforts” requirement to impose only a generalized duty on the State, to be enforced not by the child beneficiaries, but by the Secretary of Health and Human Services in monitoring and enforcing compliance with State plan requirements. The Court found that Public Law 96-272 does not create any rights, privileges, or immunities within the meaning of section 1983, and fails to provide the “unambiguous notice” that is necessary before States receiving Federal grants can be subjected to suit.

As a result of the Court’s decision in *Suter*, Congress enacted legislation in 1994 (Public Law 103-432) adding a new section 1130A to the Social Security Act. The provision establishes that, in any action brought to enforce a provision of the Social Security Act, the provision is not to be deemed unenforceable because of its inclusion in a section of the Act requiring a State plan. Congress explicitly stated in section 1130A that it does not intend to limit or expand any grounds for determining the availability of private actions to enforce State plan requirements. The provision also is not intended to alter the Court’s decision in *Suter* that the reasonable efforts requirement in Public Law 96-272 is not enforceable in a private right of action.

In response to a congressional request, HHS in 1994 directed two of its child welfare resource centers to gather information and make recommendations regarding implementation of the reasonable efforts requirement. The National Resource Center for Legal and Court Issues (part of the American Bar Association’s Center on Children and the Law) and the National Child Welfare Resource Center for Organizational Improvement (University of Southern Maine) convened an interdisciplinary advisory panel on April 21, 1995, and has released a summary of the panel’s discussion. Among the panel’s findings and recommendations:

1. Despite its varied implementation, the reasonable efforts requirement in Public Law 96-272 has had a positive impact overall for children and families. The reasonable efforts concept is most effective in communities with strong family preservation programs. However, reasonable efforts are appropriate only when consistent with the child’s health and safety, and activities must be assessed on a case-by-case basis.
2. Reasonable efforts requirements in Federal law should be continued and actively enforced. However, in some cases, it is appropriate not to offer family preservation or reunification services, and the Federal Government should clarify to States when such inaction is proper. Further, child welfare workers need training in making these decisions.
3. The Federal Government should support and guide States as they identify and incorporate services into their State plans,

but there was little support among the panel for a federally mandated set of core services.

4. Judicial oversight of reasonable efforts is effective and should be continued, including as a component of determining eligibility for Federal reimbursement. However, judges need proper training and should be assigned to regular child welfare case-loads. Likewise, agency personnel need training in adequately educating the court with regard to specific cases. In the case of a judicial determination that reasonable efforts have not been made, there should be a short grace period for appropriate efforts to be made before Federal financial assistance is denied.
5. Reasonable efforts determinations should be made at every critical step in a case, from removal from home through the case review, rather than on a one-time basis.

STATE COMPLIANCE WITH SECTION 427 CHILD PROTECTIONS

As described earlier, section 427 of title IV-B has specified the child protections that must be in place in order for a State to receive its allotment of certain appropriated title IV-B funds. Effective for fiscal years beginning after April 1, 1996, however, these protections are required of States as part of their title IV-B plan, under section 422(b)(9) of the Social Security Act (table 12-12).

In 1980, following the enactment of Public Law 96-272, HHS identified a total of 18 child protections required by section 427 of title IV-B. In what came to be known as "427 reviews," the caseload of each State receiving incentive funds was examined to determine compliance with these child protections. The HHS reviews required the following:

- A. That the case plan for each child include a:
 1. Description of the type of home or institution in which the child is to be placed;
 2. Discussion of the appropriateness of the placement;
 3. Plan to achieve placement in the least restrictive (most family-like) setting;
 4. Plan for placement in close proximity to the parents' home, consistent with the best interest and special needs of the child;
 5. Statement of how the responsible agency plans to carry out the voluntary placement agreement or judicial determination;
 6. Plan for ensuring that the child will receive proper care;
 7. Plan for providing services to the parents, child, and foster parents to improve conditions in the parents' home and facilitate the return of the child to the home, or into a permanent placement;
 8. Plan for services to address the needs of the child while in foster care;
 9. Discussion of the appropriateness of services provided;
- B. That the status of each child in foster care be reviewed periodically but no less frequently than every 6 months by a court or administrative review to determine the:
 10. Continuing necessity for and appropriateness of placement;
 11. Extent of compliance with the case plan;

12. Extent of progress made toward alleviating or “mitigating” the causes of foster placement;
 13. Likely date the child may be returned home or placed for adoption or provided legal guardianship;
- C. That all administrative reviews must:
14. Be open to participation by parents;
 15. Be conducted by a panel of appropriate persons, at least one of whom is not responsible for the case management of, or the delivery of services to, the child or parents;
- D. That procedural safeguards that pertain to parental rights are followed when:
16. The child is removed from the parents’ home;
 17. A change is made in the child’s placement;
 18. Any determination of the parents’ visitation privileges is made.

Table 12–12 identifies child protections in section 427, the new section 422(b)(9), and section 475 of the Social Security Act.

Under the old section 427, Federal review of a State’s foster care system consisted of two phases: (1) the administrative review, and (2) the survey of case records. The process was initiated when a State “self-certified” after determining that it was in compliance with the 18 protections outlined above. An administrative review was then conducted to determine if all policy and procedural systems necessary to implement the child protections were in place on a statewide basis.

If the State had fully implemented these administrative components, the review process proceeded to the case record survey stage. Three separate case record surveys were conducted in each State (an initial, subsequent, and triennial review) by a team composed of Federal and State personnel. Each of these reviews demanded a higher level of compliance, and a State must pass the preceding review before moving to the next one. If a State was found out of compliance, HHS issued a disallowance against the State’s allotment of incentive funds for the coming fiscal year. States could appeal the disallowance to the HHS Departmental Appeals Board.

According to HHS, virtually all funding disallowances occurred as a result of States not holding periodic reviews and dispositional hearings within the time frame specified in the statute.

FEDERAL FINANCIAL REVIEW PROCEDURES UNDER TITLE IV–E

In addition to the child protection reviews described above to assure compliance with section 427, HHS reviewed expenditures made under the Title IV–E Foster Care and Adoption Assistance Programs. The title IV–E statute requires, as a component of State plans, that States arrange for independent audits of their activities under both titles IV–B and IV–E at least once every 3 years. In addition, section 471(b) allows the Secretary of HHS to withhold or reduce payments to States upon finding that a State plan no longer complies with State plan requirements, or, in the State’s administration of the plan, there is substantial failure to comply with its provisions. The Secretary must first provide reasonable notice and opportunity for a hearing.

TABLE 12–12.—SECTIONS 427 [422] AND 475 REQUIRED PROTECTIONS FOR FOSTER CHILDREN

Requirement	Description
Inventory, sec. 427(a)(1) [422(b)(9)(A)]	Includes all children in foster care under State responsibility for 6 months preceding the inventory; State determines appropriateness of and necessity for current foster placement; Whether a child can or should be returned to parents or be freed for adoption; Services necessary to facilitate either the return of a child or the child's placement for adoption or legal guardianship.
Statewide information system, sec. 427(a)(2)(A). [422(b)(9)(B)(i)]	Includes status, demographic characteristics, location, and placement goals of foster children in care the preceding 12 months.
Service program, sec. 427(a)(2)(C). [422(b)(9)(B)(iii)]	To help children where appropriate, return to families or be placed for adoption or legal guardianship.
Case plan, sec. 427(a)(2)(B) [422(b)(9)(B)(ii)] and sec. 475(1) (A) and (C) and 475(5)(A).	A written document that includes: a plan to achieve placement in the least restrictive (most family-like) setting available; a plan for placement in close proximity to the parents home consistent with the best interest and special needs of the child (sec. 475(5)(A)); a description of type of home or institution in which a child is to be placed; a discussion of appropriateness of placement; a statement of how the responsible agency plans to carry out the voluntary placement agreement or judicial determination made in accordance with sec. 472(a)(1); a plan for ensuring that the child will receive proper care; a plan for providing services to the parents, child, and foster parents to improve conditions in the parents home and facilitate the return of the child home or permanent placement; a plan for services to address the needs of a child while in foster care; a discussion of appropriateness of services provided; where appropriate for a child 16 or over, a description of programs and services to prepare for transition to independent living; to the extent available and accessible the health and educational records of the child.

TABLE 12-12.—SECTIONS 427 [422] AND 475 REQUIRED PROTECTIONS FOR FOSTER CHILDREN—Continued

Requirement	Description
Case reviews, sec. 427(a)(2)(B). [422(b)(9)(B)(ii)]	<p>Status of each child is reviewed periodically but not less frequently than once every 6 months by a court or administrative review to determine:</p> <ul style="list-style-type: none"> continuing necessity for and appropriateness of placement; extent of compliance with case plan; extent of progress made toward alleviating or “mitigating” causes of foster placement; likely date child may be returned home or placed for adoption or provided legal guardianship. <p>Administrative review means:</p> <ul style="list-style-type: none"> open to participation of the parents; conducted by panel or appropriate persons, at least one of whom is not responsible for the case management of, or the delivery of services to, the child or parents.
Dispositional hearing, sec. 427(a)(2)(B) and sec. 475(5)(C). [422(b)(9)(B)(ii)]	<p>To be held:</p> <ul style="list-style-type: none"> in family or juvenile court or other court of competent jurisdiction or by administrative body approved by the court; no later than 18 months after the original placement (and not less frequently than every 12 months thereafter); to determine future status of the child (return to parent, continue foster care for special period on permanent or long-term basis, placement for adoption); to determine transition services needed for a child 16 or older.
Procedural safeguards, sec. 427(a)(2)(B) and sec. 475(5)(C). [422(b)(9)(B)(ii)]	<p>Applied to:</p> <ul style="list-style-type: none"> parental rights pertaining to removal of child from parent’s home; a change in child’s placement; any determination of parents’ visitation privileges.

¹ The sections enclosed in brackets will be effective October 1, 1996 as mandated in Public Law 103-432; section 427 is repealed.

Source: U.S. General Accounting Office (1989), and U.S. Department of Health and Human Services.

In practice, the Secretary has disallowed expenditures for Federal reimbursement under title IV-E as a result of several review procedures, including audits conducted pursuant to section 471(a)(13). Disallowances may result from audits conducted by the HHS inspector general, regional office reviews of quarterly expenditure reports submitted by States as part of the claims reimbursement process, or Federal financial reviews.

NEW CONFORMITY REVIEW SYSTEM UNDER PUBLIC LAW 103-432

In 1994, Congress enacted legislation (Public Law 103-432) adding a new section 1123 to the Social Security Act. This section establishes a child welfare conformity review system to replace the various title IV-B and IV-E review methods described above. This legislation also changes the enforcement mechanism for the child protection requirements originally contained in section 427. As mentioned earlier, States have been required to comply with section 427 child protections in order to qualify for their full allotment of title IV-B funds. Effective for fiscal years beginning after April 1, 1996, however, this incentive funding mechanism is eliminated and States are instead required to comply with the child protections as a component of their State plans, under a new section 422(b)(9).

HHS is currently pilot-testing the new conformity review system and plans to issue a notice of proposed rulemaking during the summer of 1996. In the interim, reviews are no longer being conducted under the old systems described above and disallowances are not being made. The new system is intended to be more comprehensive and streamlined, and to provide technical assistance in addition to financial penalties to help States comply with Federal requirements.

Specifically, Public Law 103-432 requires the new review system to determine whether State programs conducted under titles IV-B and IV-E are in substantial conformity with State plan requirements contained in Federal law, implementing regulations, and approved State plans. The system will provide for an initial review of each State program, a timely subsequent review of any program found out of substantial conformity, and less frequent reviews for States that are in substantial conformity. Federal regulations must specify the requirements subject to review and the criteria that will be used to measure conformity. The regulations also must specify a method for determining the amount of any Federal matching funds to be withheld due to a State's failure to substantially conform. States will be given an opportunity to develop and implement a corrective action plan, subject to Federal approval, and financial penalties may be suspended and ultimately rescinded if a State successfully completes the corrective action plan. States must be notified within 10 days after any determination that they are not in conformity, and may appeal the determination to the Departmental Appeals Board. Decisions of the Appeals Board may be subject to judicial review.

**RECENT TRENDS AFFECTING CHILD WELFARE
POPULATIONS AND PROGRAMS**

Data on social problems that are a common focus of child welfare services—such as incidence and causes of child abuse and neglect, and trends in foster care caseloads—are sometimes used to show the need for both child protection and preventive services for families. Although these data do not represent the absolute number of children or families in need of services, they are often used to suggest trends in the need for services.

CHILD ABUSE AND NEGLECT

Between 1963 and 1967 every State and the District of Columbia enacted some form of child abuse and neglect reporting law. The model reporting law disseminated by the U.S. Children's Bureau facilitated the States' rapid adoption of these laws; after 1974 reporting laws were modified to conform to the standards established by the Child Abuse Prevention and Treatment Act of 1974 (CAPTA).

Trends

The trend in child abuse and neglect reporting, in terms of numbers of reports and rates, was one of steady growth with a three-fold increase in reporting between 1976 and 1993, although the rate of growth slowed in the 1990s and there was no increase in the rate of reporting between 1992 and 1993. In 1976 there were 670,000 child abuse and neglect reports received by the 50 States and the District of Columbia, for a rate of 10 per 1,000 children. By 1993 there were 2,936,554 reports, representing 2,603,955 individual children for a rate of 43 per 1,000 children (see chart 12-1).

Increased reporting does not necessarily mean that there has been a corresponding increase in child abuse and neglect. As noted below, not all reports are substantiated. Increased reporting may be more an indicator of how many cases of suspected abuse come to professional attention than an indicator of the true extent of child maltreatment. Public awareness campaigns, increased training of professionals, and increases in child protective service staff may result in more cases of child maltreatment coming to professional attention. On the other hand, even though more cases are reported, researchers and professionals agree that even with nearly 3 million reports, not all maltreated children are reported.

Substantiated cases

In 1993, 39.3 percent of the children reported were either substantiated or indicated as abused and neglected.¹ The remaining 60.7 percent of those reported were either unsubstantiated, no finding was made, there was an unknown disposition, or some other disposition of the report was made. An estimated 6 percent of the unsubstantiated reports were deemed to be intentionally false reports (U.S. Department of Health and Human Services, 1996). There has been a decline in the rate of substantiation of child maltreatment reports from 65 percent in 1976 to 33 percent in 1993 (McCurdy & Daro, 1993; Weise & Daro, 1995).

Types of maltreatment

In 1993, of the 1,067,231 child victims for whom maltreatment was substantiated or indicated and for whom there were data on the type of maltreatment, 233,487 (3.4 per 1,000) experienced physical abuse, 475,153 experienced neglect (6.9 per 1,000), 23,009 ex-

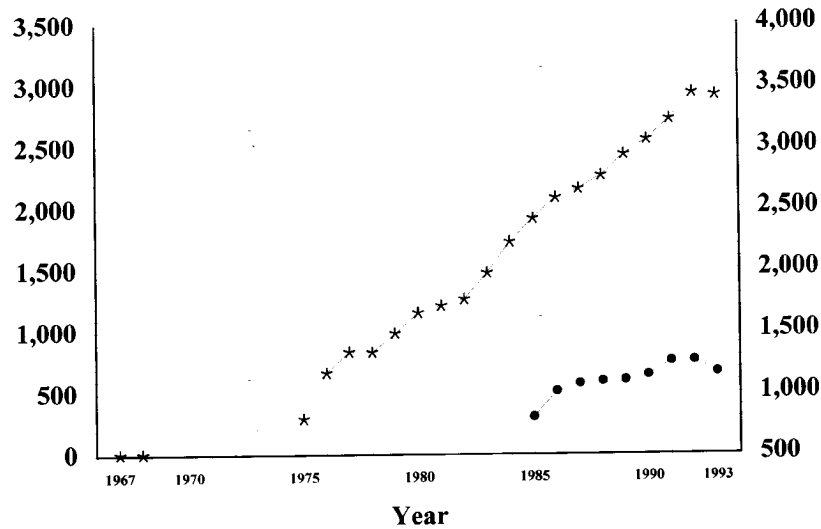
¹Substantiated means that the allegation of maltreatment or risk of maltreatment is supported or founded on the basis of State law. Indicated means that maltreatment cannot be substantiated, but there is reason to believe that the child was maltreated or at risk of maltreatment (U.S. Department of Health and Human Services, 1996).

perienced medical neglect (less than 0.1 per 1,000), 139,817 experienced sexual abuse (2 per 1,000), 48,288 experienced emotional maltreatment (less than 0.1 per 1,000), 140,618 children were classified as other forms of maltreatment (2 per 1,000), and 6,859 experienced unknown forms of maltreatment.

CHILD ABUSE FATALITIES

The U.S. Advisory Board on Child Abuse and Neglect (1995) estimated that 2,000 children under the age of 18 are killed by parents or caretakers each year. The Board suggests that this is a low estimate. Philip McClain and his colleagues (1993) report that abuse and neglect kills 5.4 to 11.6 children per 100,000 children under 4 years of age (see chart 12-1).

CHART 12-1. REPORTS OF CHILD ABUSE AND NEGLECT AND CHILD FATALITIES, SELECTED YEARS



Source: McCurdy and Daro (1993).

SUBSTANCE ABUSE

There is widespread belief that a significant portion of the increase in child abuse and neglect and foster care placements resulted from the introduction of crack cocaine during the mid-1980s. The availability of crack has been linked to the abuse of children of all ages. According to a 1990 publication by the House Committee on Ways and Means, New York City officials blame the introduction of crack for the threefold increase in that city's child abuse and neglect cases involving parental substance abuse between 1986 and 1988. Perhaps the biggest impact that crack has had on the child welfare system is the large increases in very young infants

entering the foster care system at birth as a result of prenatal drug use, drug toxicity at birth, or abandonment at the time of birth in the hospital (boarder babies). Drug-exposed infants also often enter substitute care shortly after they are born as a result of a diagnosed failure to thrive or of parental abuse and neglect.

The National Association for Perinatal Addiction Research and Education estimated in 1988 that 11 percent of all pregnant women use illegal drugs. A 1990 General Accounting Office (GAO) study reported that the actual number of drug-exposed infants born each year is unknown, although the study noted that the two most widely cited estimates are 100,000 and 375,000. An HHS office of the Inspector General (OIG) 1989 survey of 12 cities found that 30 to 50 percent of drug-exposed infants enter foster care. New York City reported a 268 percent increase between 1986 and 1989 in referrals of drug-exposed infants to the child welfare system (Office of the Inspector General, 1990a).

More recently, the National Pregnancy and Health Survey, sponsored by the National Institute on Drug Abuse, surveyed a nationally representative sample of 2,613 women who delivered babies between October, 1992 and August, 1993. These survey results were used to estimate the drug, alcohol, and cigarette use of the approximately 4 million women who gave birth in the United States during 1992. The survey estimated that 221,000 or 5.5 percent of the women used some illicit drug during pregnancy. At some time during their pregnancy, 119,000 women, or 2.9 percent, reported using marijuana; 45,000 women, or 1.1 percent, used cocaine, and 34,800, or 0.9 percent, used crack. The survey also found that 757,000 women, or 18.8 percent, used alcohol and 820,000, or 20.4 percent, smoked cigarettes at some time during their pregnancy (National Institute on Drug Abuse, 1995).

Data from a five-State foster care archive show how increasing numbers of drug-exposed infants are stretching State child welfare systems to their limits (Goerge, Wulczyn, & Harden, n.d.). Data for California, Illinois, Michigan, New York, and Texas indicate that the most striking change in the characteristics of children entering foster care in the mid-to-late 1980s was the increase in the number of infants who were admitted into care.

Researchers conducting the five State study divided the period from 1983–92 into 3 discrete periods: 1983–86 (the period before admissions began to surge); 1987–89 (the period of most rapid growth); and 1990–92 (when caseloads in several States began to decline). Between 1983 and 1986, about 16 percent of first admissions into foster care were of children younger than 1 year of age. By contrast, between 1987 and 1989 children under the age of 1 represented almost 23 percent of first admissions. Fortunately, the rate increased only slightly to 24 percent from 1990 to 1992.

Looking at individual States, researchers found that the proportion of infants entering foster care nearly doubled in New York, from 16 percent of first admissions in 1983–86 to 28 percent in 1990–92. Infants entering foster care in Illinois increased as a percentage of first admissions from 16 percent in 1983–86 to 28 percent in 1990–92, and in Michigan, from 17 percent to 20 percent during the same time periods.

This rise in infant admissions is likely to result in larger foster care caseloads in the future, regardless of whether overall admissions begin to decline. Researchers in the five State data archive found that infants who are placed in foster care tend to remain in care longer than children placed at older ages. Data for each of the five States indicated that duration of care generally decreased with age of placement.

Not only do younger children spend the longest time in foster care, but many children discharged from foster care eventually reenter care. During 1989, 15 percent of New York's admissions into foster care was comprised of children reentering care. A 1988 Illinois study by Mark Testa and Robert Goerge found that nearly 40 percent of the earliest cohorts of foster children that are reunified with their parents eventually reenter substitute care.

TRENDS IN FOSTER CARE CASELOADS

The incidence of all children in the United States who are in foster care has increased from 3.9 per 1,000 in 1962 to 6.5 per 1,000 in 1994. The incidence of children in foster care increased slowly during the 1960s, climbed sharply in the 1970s, and then decreased until 1982. In fact, the incidence of children in foster care in 1982 was 3.9 per 1,000—exactly the same as twenty years earlier. However, since 1982, the incidence has risen steadily each year. In just two years between 1987 and 1989, the incidence rose from 4.5 per 1,000 to 5.7 per 1,000. The incidence has continued to rise to 6.5 per 1,000 on 1994, the most recent year for which data are available on the total number of children in foster care.

The number of children in Federally assisted foster care has grown significantly in the years since funding first became available under AFDC in the early 1960s. The number grew from 1962 to 1976, then decreased from 1976 to 1983. Since 1983, the number of foster care children funded under title IV-E has increased steadily. In 1980, when title IV-E was first enacted, 33 percent of the total foster care population was funded under title IV-E. By 1994, this proportion increased to 52 percent (see table 12-13).

TABLE 12-13.—U.S. FOSTER CARE AND AFDC/IV-E FOSTER CARE POPULATION, TOTAL AFDC CHILDREN, AND U.S. POPULATION AGES 0-18, 1962-2000

Year	U.S. foster care population (end of fiscal year) ¹	AFDC/IV-E foster care children (average monthly number) ²	Total AFDC children (average monthly number) ³	U.S. population ages 0-18 (calendar year) ⁴
1962	272,000	989	2,781,000	69,864,000
1963	276,000	2,308	2,921,000	71,164,000
1964	287,000	4,081	3,075,000	72,406,000
1965	300,000	5,623	3,243,000	73,520,000
1966	309,400	7,385	3,369,000	73,179,000
1967	309,600	8,030	3,558,000	73,429,000
1968	316,200	8,500	4,013,000	73,396,000
1969	320,000	16,750	4,591,000	74,000,000
1970	326,000	34,450	5,494,000	73,516,000
1971	330,400	57,075	6,963,000	73,665,000

TABLE 12-13.—U.S. FOSTER CARE AND AFDC/IV-E FOSTER CARE POPULATION, TOTAL AFDC CHILDREN, AND U.S. POPULATION AGES 0-18, 1962-2000—Continued

Year	U.S. foster care population (end of fiscal year) ¹	AFDC/IV-E foster care children (average monthly number) ²	Total AFDC children (average monthly number) ³	U.S. population ages 0-18 (calendar year) ⁴
1972	319,800	71,118	7,698,000	72,369,000
1973	NA	84,097	7,965,000	72,243,000
1974	NA	90,000	7,824,000	72,070,000
1975	NA	106,869	7,928,000	71,402,000
1976	NA	114,962	8,156,000	70,500,000
1977	NA	110,494	7,818,000	69,699,000
1978	NA	106,504	7,475,000	67,003,000
1979	NA	103,771	7,193,000	68,307,000
1980	302,000	100,272	7,320,000	67,913,000
1981	274,000	104,851	7,615,000	67,571,000
1982	⁵ 262,000	97,309	6,975,000	67,118,000
1983	⁵ 269,000	93,360	7,051,000	66,768,000
1984	⁵ 276,000	102,051	7,153,000	66,863,000
1985	⁵ 276,000	109,122	7,165,000	66,797,000
1986	⁵ 280,000	110,749	7,294,000	66,932,000
1987	⁵ 300,000	118,549	7,381,000	67,221,000
1988	⁵ 340,000	132,757	7,326,000	67,709,000
1989	⁵ 383,000	156,871	7,370,000	67,877,000
1990	⁵ 400,000	167,981	7,755,000	67,751,983
1991	⁵ 414,000	202,726	8,515,000	68,495,777
1992	⁵ 427,000	224,507	9,225,000	69,482,770
1993	⁵ 445,000	231,048	9,539,000	70,510,226
1994	⁵ 468,000	244,473	9,590,000	71,383,332
1995	NA	260,737	9,275,000	72,246,000
1996 (estimate)	NA	267,400	8,796,000	72,923,484
1997 (estimate)	NA	285,000	8,922,000	73,554,051
1998 (estimate)	NA	296,400	9,048,000	74,073,498
1999 (estimate)	NA	308,300	9,175,000	74,394,258
2000 (estimate)	NA	320,600	9,288,000	74,718,358

¹ Data from Child Welfare Research Notes #8 (July 1984), published by Administration for Children, Youth, and Families, HHS. This note cites as sources of data for the foster care population: annual reports from 1962-72 of the Children's Bureau and the National Center for Social Statistics, Social and Rehabilitation Services; National Study of Social Services to Children and their Families, published by ACYF in 1978, for 1977 data; and the Office of Civil Rights, HHS, report, "1980 Children and Youth Referral Survey: Public Welfare and Social Service Agencies" for 1980 data.

² Incomplete data based on voluntary reporting to the Department of Health, Education and Welfare, prior to 1975.

³ Includes foster children 1971-81.

⁴ U.S. Census Bureau, Population Division, unpublished data (1962-80); U.S. Bureau of the Census, Current Population Reports, Series 1095 (1980-89), PPL-41 (1990-95), and 1130 (1996-2000).

⁵ American Public Welfare Association.

NA—Not available.

Source: Compiled by staff of the House Committee on Ways and Means.

More detailed information is available on these trends from a number of State data systems. Currently, some of the most interesting data are from the multi-State data archive mentioned above, in which California, Illinois, Michigan, New York and Texas are participating. According to a first-year report from the archive, a

total of 204,157 children were in foster care in these 5 States as of December 31, 1992 (of which California and New York accounted for 70 percent). The five State figure represented almost half of the nation's total number of foster children, as estimated by the American Public Welfare Association's voluntary data collection system.

All five States have seen tremendous growth in their foster care populations during the period from 1988-92. In fact, in every State except Michigan, the number of children in care had doubled during the time period. Specific growth rates were as follows: California, 143 percent; Illinois, 135 percent; Michigan, 67 percent; New York, 125 percent; and Texas, 124 percent. The most intense growth in all five States was between the years 1987-89, when the caseload grew by almost 40 percent. Specifically in New York, the foster care population increased by 66 percent between 1987 and 1989. However, since then, growth in foster care caseloads has returned to the levels observed prior to 1987, except in Illinois and Texas. In fact, in Illinois, the foster care population grew by an additional 42 percent during the period from 1990-92.

When researchers separated the primary urban area in each of the five States from the balance of the State, they determined that 75 percent of the caseload growth between 1983 and 1992 occurred in urban areas. New York City and Chicago were responsible for virtually all of the foster care caseload growth in New York State and Illinois. Both of these urban areas experienced a tripling of their foster care populations during the time period. Since 1990, the growth rate in New York City has slowed, but there has not been a similar decline in the Cook County growth rate.

Total caseload size is a function of both the number of children entering care (admissions) and the number of children leaving care (discharges). When examining admissions and discharges, researchers in the five State data archive found somewhat different patterns in each of the States. For example, the number of Illinois' admissions had been stable during the period from 1983-86, but increased by 34 percent from 1987-92. Throughout this entire period, the number of children discharged in Illinois stayed constant; therefore, the number of discharges did not offset the increase in admissions, resulting in overall growth in the total caseload.

In New York, both admissions and discharges grew from 1983-85, but discharges outnumbered admissions so that overall caseload size declined during that period. However, from 1985-87, discharges decreased by almost 8 percent while admissions grew by 34 percent, resulting in significant caseload growth. Admissions grew by an additional 28 percent from 1987-89. During this period, discharges also grew but only by 16 percent so that the overall caseload continued to increase. Since 1989, the number of admissions in New York has declined and discharges have grown, so that by 1992, the total size of the foster care population declined.

Texas and Michigan have experienced growth in both their number of admissions and discharges during the decade from 1983-92. However, admissions have exceeded discharges in both States during the period, resulting in overall growth. In California, admissions grew until 1989, but have since declined each year. This decline, along with a rapid increase in the number of discharges from 1988-90, resulted in a drop in the growth rate.

Researchers in the five State data archive also examined the length of time children stayed in foster care, and found that, for children placed between 1988 and 1992, the median duration was about a year and a half in California, Illinois and New York. The median duration was about 1 year in Michigan and less than 9 months in Texas. However, certain groups are more likely to stay in care longer. Specifically, the researchers found that children from urban areas in each of the States had significantly longer durations, and that black children in four of the five States stayed longer than all other racial or ethnic groups. Further, children placed as infants stayed in care longer than older children.

INCREASE IN "KINSHIP" CARE

In recent years, States appear to have increased their use of "kinship" foster care, in which foster children are placed with their own relatives. Little reliable national data are available to document this trend, but some State reporting systems and national surveys support the conclusion that kinship care is growing.

In its annual survey of State foster care reimbursement rates, the American Public Welfare Association (APWA) asked a series of questions about kinship care in late 1992. While many States could not distinguish relative placements from other foster care placements, at least 26 States indicated that they had experienced an increase in their use of kinship care during the previous 3 years.

Children placed with relatives grew from 18 percent to 31 percent of the total foster care caseload during the period from 1986 through 1990 in 25 States that supplied information to the Inspector General of HHS (Office of Inspector General, 1992). This percentage increase is especially notable because it occurred during a period of rapid overall caseload growth. Kinship care is growing most rapidly in urban areas; for example, almost half of New York City's foster care population is children in kinship care. It appears that most of the recent growth in foster care in some parts of the country may actually have been growth in kinship care.

Kinship care providers are usually grandparents, and frequently single grandmothers. As their numbers have increased in recent years, grandparent caregivers in many States and cities have organized into support groups, and are beginning to press for financial support and services at the State and Federal level. These groups often include grandparents and relatives of children who are not necessarily under State custody, but who would be at risk of needing foster care from strangers in the absence of their relatives.

Many of the children who live in kinship homes receive federally subsidized public assistance, either through Aid to Families with Dependent Children (AFDC) or the IV-E Foster Care Program. At the end of 1992, an estimated 442,000 children were in foster care nationwide, and almost half participated in title IV-E, at a Federal cost in fiscal year 1993 of \$2.6 billion. However, it is not known how many foster children are in kinship care, or how many kinship care children receive AFDC instead of foster care subsidies. Further, there is no explicit Federal policy regarding which program is more appropriate for kinship children and their caretakers.

State policies and practices governing the implementation of Federal programs vary widely. Particularly with regard to kinship fam-

ilies, these differences in State policies have a direct impact on family income and Federal costs. For example, eligibility for federally subsidized foster care payments is limited to licensed foster care providers. However, some States routinely license relatives as foster care providers, making them eligible for Federal foster care subsidies, while other States do not usually license relatives, leaving them eligible only for AFDC.

Under both AFDC and the Federal Foster Care Program, States establish their own payment levels, and, in almost all States, foster care subsidies are significantly higher than AFDC payments. On average, foster care benefits for one child, payable in 1992, were 50 percent higher than the maximum AFDC benefit for one person, available as of January 1993.

Both title IV-E and AFDC are open-ended entitlements, with costs shared by the Federal and State governments. The Federal Government reimburses States for at least half of eligible spending under both programs; thus, Federal costs would increase if kinship families currently receiving AFDC were made eligible for the higher foster care subsidies. At the same time, some kinship families already are receiving Federal subsidies, which raises the issue of equity for kinship families nationwide.

Little national information is available about kinship providers or the children in their care, although some research has been conducted on kinship care in certain States and cities. For example, several studies have produced information about the demographic characteristics of kinship providers. While the results of these studies vary, collectively they generate a picture of kinship providers as predominantly female, disproportionately minority, generally low-income, and with low educational attainment.

Recent studies on children in kinship care suggest that children placed with relatives are similar in many respects to children in traditional foster care (Berrick, Barth & Needell, 1992; Dubowitz, Feigelman & Zuravin, 1993). One difference found in both studies was racial composition; children in kinship care were more likely to be black than foster children living with nonrelatives. Further, children placed with relatives tend to remain in care longer than children placed in nonrelative foster care.

FAMILY PRESERVATION PROGRAMS

In response to rising foster care caseloads, States have shown great interest in family preservation programs. These programs go back at least to the settlement house movement created at Hull House in Chicago by Jane Adams in 1910. Family preservation programs are designed to help children and families that are at risk or in crisis. While family preservation services have been a key component of the child welfare system for nearly a century, the renewed emphasis on child abuse and neglect in the early 1960s and the conceptualization of this problem as one arising out of the psychopathology of the parents or caretakers changed the child welfare emphasis from one of preserving families to one of protecting children. With the implementation of mandatory reporting laws in all 50 States and the accompanying dramatic increase in child abuse and neglect reports, child welfare agencies turned more to removal of children from homes deemed at risk and placement of these chil-

dren in temporary foster homes as the treatment of choice. By 1978 it was estimated that there were some 500,000 children in foster care in the United States (Tatara, 1993; Pelton, 1989).

By the end of the 1970s there was increasing concern about the number of children in foster care and the cost. The model of child abuse that explained abuse as a result of individual personality disorders or mental illness had been replaced by explanations of maltreatment that emphasized social factors, such as poverty, stress, social isolation, and lack of understanding of proper parenting skills.

There was widespread questioning of the need to remove so many children from their biological homes and the effectiveness of foster care as a means of dealing with child maltreatment. Researchers and practitioners assumed that funds spent on foster care could be spent more effectively supporting and preserving families.

A number of States are now implementing a new type of family preservation program called "intensive" family preservation. Intensive family preservation programs differ from traditional family preservation in several important ways. First, the services are intensive. That means that caseworkers provide services to families as many as 3 to 5 times each week. The services are available at any time of day or week. Caseworkers have much smaller caseloads than traditional child welfare caseworkers. Whereas a traditional child welfare caseworker may carry a caseload of between 15 and as many as 60 families, intensive family preservation caseworkers may have a caseload of 2 or 3 families. In addition to being intensive, services are provided for a limited period of time, usually between 6 and as many as 30 weeks. Traditional family preservation interventions have no predefined timeline and may be provided for many months—until the child is reunified or placed in a permanent placement. Finally, whereas traditional family preservation programs are based on a deficit model that assumes abusive parents do not have the personal, social, or economic resources to cope with raising children, intensive family preservation programs are designed to identify and work with families around their strengths. Thus, if a family has a strong network of relatives, the work focuses on using this network to help with family stressors or crises.

The initial evaluations of intensive family preservation programs were uniformly enthusiastic. The programs were claimed to have reduced placement of children, while at the same time assuring the safety of those children. Foundation program officers and program administrators claimed that families involved in intensive family preservation programs had low rates of placement and "100 percent safety records" (Barthel, 1991; Forsythe, 1992).

But there were major methodological and design limitations of the evaluations of these early studies. The vast majority of the evaluations of intensive family preservation programs either employed no control or comparison group, or used a comparison group that was not an appropriate match for the group receiving treatment. Moreover, there were questions raised about whether "placement avoidance" was the appropriate outcome measure for the evaluations. Peter Rossi cautioned that "placement avoidance" was not the proper outcome variable since placement avoidance was it-

self the treatment. In his 1992 review, Rossi also concluded that the evaluation studies did not convincingly demonstrate that intensive family preservation programs reduced placement or reduced child welfare program costs.

There have been at least 46 evaluations of intensive family preservation programs, of one form or another (Heneghan, Horwitz & Leventhal, 1996; Lindsey, 1994). Of these 46 evaluations and of 802 published articles on intensive family preservation, only 10 studies actually evaluated an intensive family preservation program, included outcome data in the report, and used a control group. In California, New Jersey, and Illinois, the studies had large samples and randomized control groups, thus allowing for a rigorous evaluation. In all three studies, there were either small or insignificant differences between the group receiving intensive family preservation services and the group receiving traditional casework services. Even in terms of placement avoidance, there were no differences between the two groups, thus suggesting that earlier claims that intensive family preservation programs were successful in reducing placement obtained those results because of the low overall rate of placement in child welfare agencies. These results also point to how difficult it is for caseworkers to accurately classify a family as at high risk of being placed, since 80 to 90 percent of the children in the control groups were not placed.

Thus, the empirical case for intensive family preservation has yet to be made. Amid the claims and counterclaims on intensive family preservation, and following the funding of the Family Preservation and Support Act of 1993, the Department of Health and Human Services funded a national evaluation of family preservation and support services. This evaluation, conducted by Westat, the Chapin Hall Center for Children, and James Bell Associates, will examine a range of family preservation and family reunification programs at a number of sites across the country. The study, which is scheduled for completion by June 1999, proposes to use a randomized trial design with a variety of outcome measures, including placement, cost, and family functioning.

NATIONAL DATA ON FOSTER CARE AND ADOPTION ASSISTANCE

The primary source of national data on foster care, until recently, has been the Voluntary Cooperative Information System (VCIS) conducted by the American Public Welfare Association (APWA). This voluntary survey was begun by APWA with support from HHS in 1982. Detailed VCIS data are available for fiscal years 1982 through 1990. In addition, data are available from the VCIS on the total numbers of children in care through fiscal year 1994 and rough estimates are available for 1995.

For fiscal year 1990, 41 States and Puerto Rico responded to the voluntary survey. However, not all States and jurisdictions were able to respond to every question in the survey; therefore, the data are incomplete for many items, and, according to APWA, should be considered "rough" national estimates. It also should be noted that definitions of some terms varied and that reporting periods were not identical among States.

The VCIS data report on all children in substitute care under the management and responsibility of the State child welfare agency,

including: foster family care (relative and nonrelative), group homes, child care facilities, emergency shelter care, supervised independent living, nonfinalized adoptive placements, and any other arrangement considered 24-hour substitute care by the State agency. No distinctions are made among these different forms of substitute care. Finalized adoptions are not included in the VCIS data; however, nonfinalized adoptions are reflected in the data.

As a result of Federal legislation enacted in 1986, States now are required to participate in a mandatory data collection system known as the Adoption and Foster Care Analysis and Reporting System (AFCARS). Once fully operational, AFCARS will replace the VCIS. AFCARS requires States to collect and submit to HHS key information on all children in foster care, beginning in October of 1994. States are also required to submit information on adoptions when the State IV-B/IV-E agency was involved in the placement or financial support of the adopted child. The legislative history and development of this data collection system are described later in this section.

Number of Children in Substitute Care

The following table shows the number of children in substitute care, by State, based on VCIS data collected by APWA.

Although the most recent complete VCIS data are for 1990, VCIS data are also available on the total estimates of children in foster care through 1995. These numbers indicate dramatic increases in the second half of the 1980s, from 270,000 children at the end of 1985 to 468,000 children by the end of 1994 (see table 12-14). APWA has further calculated 494,000 as a rough national estimate for the number of children in foster care at the end of 1995.

In addition to the number of children reported as being in care on the first and last days of the fiscal year, the numbers of children who entered and left care during the year and a cumulative total number of children served throughout the year also were estimated by APWA, as shown below.

TABLE 12-14.—NUMBER AND MOVEMENT OF SUBSTITUTE CARE CHILDREN, 1982-94

Year	Start of year	Entered care	Total served	Left care	End of year
1982	273,000	161,000	434,000	172,000	262,000
1983	263,000	184,000	447,000	178,000	269,000
1984	272,000	184,000	456,000	180,000	276,000
1985	270,000	190,000	460,000	184,000	276,000
1986	273,000	183,000	456,000	176,000	280,000
1987	280,000	222,000	502,000	202,000	300,000
1988	312,000	199,000	511,000	171,000	340,000
1989	347,000	222,000	565,000	182,000	383,000
1990	379,000	238,000	617,000	217,000	400,000
1991	400,000	224,000	624,000	210,000	414,000
1992	414,000	238,000	652,000	225,000	427,000
1993	427,000	230,000	657,000	212,000	445,000
1994	444,000	254,000	698,000	230,000	468,000

Source: American Public Welfare Association, revised July 1996.

Under AFCARS, States are required to submit data reports twice yearly. The first submission was for the period October 1, 1994, to March 31, 1995. Based on data submitted by 21 States for this period, HHS projected a national estimate of 469,073 children in foster care at the end of 1994. This number is very close to the VCIS estimate of 468,000 for 1994. A limited amount of more detailed data on children in foster care is available from AFCARS, reported below. As the system becomes fully operational, more complete and comprehensive data will be available.

Table 12-15 shows the number of foster children by State, including the percent male and female, for the 21 States that submitted data under AFCARS that met HHS' selection criteria. An additional 10 States submitted data that were rejected for analysis by HHS for various reasons.

TABLE 12-15.—CHILDREN IN FOSTER CARE AS OF DECEMBER 31, 1994 BY STATE AND GENDER

State	Number	In percent	
		Males	Females
Alaska ¹	1,104	61.4	38.6
Arizona	3,994	49.6	50.3
Arkansas	2,055	47.4	52.6
California	87,368	50.8	49.2
District of Columbia	2,380	51.3	48.7
Florida ²	12,579	51.1	48.8
Georgia	12,568	48.7	50.8
Idaho	1,032	58.0	42.0
Illinois	45,657	50.1	49.9
Kansas	5,804	57.0	43.0
Kentucky	3,949	49.9	50.1
Massachusetts	14,514	49.3	49.6
New Jersey	6,920	53.7	46.3
New Mexico	1,506	47.5	52.5
New York	60,216	52.0	48.0
Ohio	14,520	52.0	47.9
Oregon	5,439	53.2	46.8
Rhode Island	3,074	55.4	44.6
South Carolina	4,482	49.7	50.3
Texas	16,414	49.7	50.3
Utah	1,415	51.8	48.2
Totals	306,990	51.1	48.9
Nat'l Est.	469,073		

¹ Data were extracted from an Information System under development.

² Does not include relative placement cases.

Source: Preliminary analysis of data from Adoption and Foster Care Analysis and Reporting System, U.S. Department of Health and Human Services.

Table 12-16 lists the average monthly number of children in foster care who received Federal funding under title IV-E for the years 1986, 1990, 1994, and 1995. These figures are lower than VCIS and AFCARS estimates because they do not include the sub-

stantial number of children who were not determined eligible for Federal funding (i.e., they were not from AFDC-eligible homes). In 1995, there were 136 percent more children in foster care receiving Federal subsidies than in 1986 and 55 percent more than in 1990.

CHARACTERISTICS OF CHILDREN IN SUBSTITUTE CARE

Much of the demographic data collected on children in substitute care through the VCIS reflect three different groupings: children entering care during the study period, all children remaining in care at the end of the period, and children who left care during the period. AFCARS data reported below reflect children in foster care as of December 31, 1994.

Age

Table 12-17 shows the age breakdown of children entering care, in care, and leaving care during fiscal year 1990. APWA's analysis of these data with comparable information from previous years shows gradual increases in the percentages of younger children entering foster care from fiscal year 1982 through fiscal year 1990.

Table 12-18 shows the age breakdown at the end of 1994 in the 21 States that submitted useable data to HHS under the new AFCARS system. These data are roughly similar to the VCIS data for children in care at the end of 1990.

Race/Ethnicity

Although a significant portion of the children in foster care are white, black children are overrepresented in the foster care population. Table 12-19 indicates the racial composition of children who entered substitute care during fiscal year 1990, who were in care at the end of fiscal year 1990, and who left substitute care during fiscal year 1990. APWA's comparison of these data with comparable information from previous years indicates a decrease in the percentage of white children in foster care since fiscal year 1982, and increases in the percentages of black children and Hispanic children.

Table 12-20 shows the racial composition of foster children in care at the end of 1994, in the 21 States that submitted data to HHS under AFCARS. In comparison with the VCIS data on children in care at the end of 1990, the percentage of minority children in care appears to have increased further, while the share of white children in foster care has continued to decline.

Disability/health status

Based on reports from 16 States, APWA found that 13 percent of children in substitute care at the end of fiscal year 1990 had one or more disabling conditions.

REASONS FOR PLACEMENT IN SUBSTITUTE CARE

For fiscal year 1990, the VCIS data report the reasons children were placed in substitute care in 19 States. The majority of children—71.1 percent—were placed in substitute care either for their protection or because their parent was unable or unavailable to care for them (table 12-21).

TABLE 12-16.—TITLE IV—E FOSTER CARE AVERAGE MONTHLY NUMBER OF CHILDREN,
SELECTED FISCAL YEARS 1986-95

State	Fiscal year				Percent change	
	1986	1990	1994	1995	1986-95	1990-95
Alabama	1,450	965	957	1,041	- 28	8
Alaska	8	347	271	289	3,513	- 17
Arizona	481	866	2,697	2,429	405	180
Arkansas	434	323	773	829	91	157
California	23,901	40,286	52,646	58,590	145	45
Colorado	1,440	2,011	2,274	2,455	70	22
Connecticut	1,104	2,006	1,971	2,312	109	15
Delaware	289	125	221	288	- 0	130
District of Columbia	928	593	1,248	1,119	21	89
Florida	1,374	3,454	4,070	5,535	303	60
Georgia	1,893	2,647	3,426	3,610	91	36
Hawaii	46	41	530	606	1,217	1,378
Idaho	435	138	280	311	- 29	125
Illinois	4,378	9,340	16,808	20,802	375	123
Indiana	1,310	1,822	3,123	3,761	187	106
Iowa	940	1,189	1,547	1,688	80	42
Kansas	1,076	1,113	1,326	1,206	12	8
Kentucky	1,613	1,536	1,928	2,275	41	48
Louisiana	2,274	2,618	2,792	3,087	36	18
Maine	655	774	1,126	1,248	91	61
Maryland	1,511	803	3,553	3,001	99	274
Massachusetts	1,018	3,695	12,223	10,170	899	175
Michigan	6,823	8,218	8,244	8,362	23	2
Minnesota	1,574	2,100	3,063	3,652	132	74
Mississippi	627	723	836	794	27	10
Missouri	2,114	2,410	4,421	4,707	123	95
Montana	281	364	615	669	138	84
Nebraska	799	1,036	1,170	1,144	43	10
Nevada	222	462	696	625	182	35
New Hampshire	249	414	532	562	126	36
New Jersey	3,840	2,816	3,715	4,421	15	57
New Mexico	601	729	719	702	17	- 4
New York	17,188	31,036	51,310	48,341	181	56
North Carolina	1,411	3,561	3,550	4,128	193	16
North Dakota	256	308	528	470	84	53
Ohio	4,166	5,164	6,358	6,866	65	33
Oklahoma	885	894	1,447	1,091	23	22
Oregon	1,313	2,218	2,155	2,506	91	13
Pennsylvania	7,058	8,823	14,346	16,260	130	84
Rhode Island	434	433	670	837	93	93
South Carolina	946	1,209	1,364	1,713	81	42
South Dakota	302	219	196	194	- 36	- 11
Tennessee	1,031	1,876	5,150	6,398	521	241
Texas	2,917	3,595	5,461	5,917	103	65
Utah	283	385	515	542	92	41
Vermont	500	860	907	1,017	103	18
Virginia	1,795	1,878	2,335	2,459	37	31
Washington	983	2,751	1,989	1,969	100	- 28
West Virginia	759	1,166	1,515	2,872	278	146
Wisconsin	2,620	5,562	4,780	4,784	83	- 14
Wyoming	53	85	96	83	57	- 2
Totals	110,586	167,981	244,473	260,737	136	55

Source: U.S. Department of Health and Human Services.

TABLE 12-17.—AGES OF CHILDREN ENTERING, IN, AND LEAVING SUBSTITUTE CARE,
FISCAL YEAR 1990

[In percent]

Age range	Entering	In care	Leaving
All ages	100	100	100
Under 1 year	16.1	4.9	5.2
1-5 years	26.1	31.1	26.5
6-12 years	26.2	32.3	25.6
13-18 years	31.1	29.7	39.3
19 years and older	0.4	1.7	3.2
Age unknown	0.1	0.3	0.02
Median age (years)	7.8	8.6	10.3
Number of States reporting	22	23	23

Source: American Public Welfare Association.

TABLE 12-18.—CHILDREN IN FOSTER CARE AS OF DECEMBER 31, 1994, BY SELECTED
STATE AND AGE

State	Number	Age distribution					Mean age years	Median age years
		In percent						
		Age less than 1 year	Age 1-5 years	Age 6-12 years	Age 13-18 years	Age 19 years and older		
Alaska ¹	1,105	4.0	20.3	23.5	51.7	0.5	11.331	13.380
Arizona	3,995	5.4	32.8	34.9	26.5	0.4	8.594	8.005
Arkansas	2,055	3.4	27.2	28.7	40.0	0.8	10.110	10.683
California	87,310	4.7	31.6	36.9	26.3	0.4	8.775	8.342
District of Columbia	2,380	4.6	33.0	30.0	26.8	5.5	9.381	8.735
Florida ²	12,587	3.5	29.1	33.4	31.4	2.6	9.648	9.457
Georgia	12,473	3.9	30.6	36.2	26.7	1.4	9.036	8.638
Idaho	1,032	1.9	24.1	21.5	51.6	0.9	11.215	13.576
Illinois	45,657	4.5	33.3	36.1	23.3	2.8	8.756	7.984
Kansas	5,801	1.9	16.5	24.4	55.2	2.1	12.221	14.283
Kentucky	3,949	2.8	23.6	32.0	38.9	2.7	10.596	11.225
Massachusetts	14,667	3.7	28.4	31.2	35.1	1.6	9.823	9.703
New Jersey	6,920	6.5	29.0	29.2	34.0	1.3	9.409	9.399
New Mexico	1,506	3.9	29.2	35.9	29.5	1.5	9.413	8.976
New York	60,216	3.5	31.5	35.8	26.6	2.5	9.149	8.471
Ohio	14,507	5.4	28.3	30.9	34.0	1.2	9.500	9.648
Oregon	5,439	3.4	30.3	34.5	31.1	0.6	9.329	9.062
Rhode Island	3,074	5.2	25.4	24.4	40.3	4.7	10.609	11.288
South Carolina	4,482	5.1	26.6	31.9	34.7	1.7	9.774	10.192
Texas	16,415	4.9	32.6	35.2	26.8	0.4	8.700	8.342
Utah	1,415	2.8	19.8	32.4	44.8	0.2	10.795	11.745
Totals	306,985	4.3	30.7	34.8	28.6	1.6	9.159	8.720
Nat'l Est.	469,073							

¹ Data were extracted from an Information System under development.² Does not include relative placement cases.

Source: Preliminary analysis of data from the Adoption and Foster Care Reporting and Analysis System, Department of Health and Human Services.

TABLE 12-19.—RACE/ETHNICITY OF CHILDREN ENTERING, IN, AND LEAVING CARE,
FISCAL YEAR 1990

[In percent]

Race/ethnicity	Entering	In care	Leaving
White	47.2	39.3	49.9
Black	30.8	40.4	29.4
Hispanic	13.7	11.8	12.8
Other	4.6	4.3	4.7
Unknown	3.7	4.2	3.2
Number of States reporting	23	31	25

Note.—According to the Census Bureau, in 1990 whites were 75.6 percent of the population, blacks were 11.8 percent, and Hispanics were 9.0 percent.

Source: American Public Welfare Association.

PERMANENCY GOALS

Table 12-22 indicates the permanency planning goals for substitute care children in fiscal year 1990, according to reports from 26 States. As the table shows, family reunification was the permanency goal for more than half the children in care.

Comparing the data in table 12-22 with earlier years shows a significant increase in family reunification as a permanency goal. Family reunification was the goal for 39.2 percent of children in fiscal year 1982, according to VCIS data, compared with 60.1 percent of substitute care children in fiscal year 1990.

LIVING ARRANGEMENTS OF CHILDREN IN SUBSTITUTE CARE

The VCIS data for fiscal year 1990 contain information on the living arrangements of substitute care children in 28 States. Table 12-23 shows that the majority of substitute care children were living in foster family homes, although a significant percentage were living in either group homes, residential treatment centers, or emergency shelters.

The VCIS data for fiscal year 1990 included some limited information on children placed in unlicensed/unpaid relatives' homes. Only seven States could provide actual data on such children, but a total of nine States said that such children were included in their counts of children placed in substitute care. In the seven States that reported data, 19.3 percent of their caseload lived in unlicensed/unpaid relatives' homes, ranging from 7.4 percent in one State to 32.6 percent in another.

NUMBER AND DURATION OF PLACEMENTS WHILE IN FOSTER CARE

The VCIS collected data on the number of placements during the preceding 3 years experienced by children in care at the end of fiscal year 1990. More than half the children in care at the end of fiscal year 1990 had experienced more than one placement, according to data from 15 States (table 12-24).

TABLE 12-20.—CHILDREN IN FOSTER CARE AS OF DECEMBER 31, 1994, BY STATE AND RACE/ETHNICITY, IN PERCENT

State	Number	Hispanic	Non-Hispanic ⁵			Unknown	Total
			White ³	Black ³	AI/AN ³			Asian/Pi^{3}
Alaska ¹	1,105	1.7	35.9	11.2	45.2	1.0	99.9
Arizona	3,997	22.2	55.0	17.2	2.5	0.4	99.9
Arkansas	2,055	0.6	54.7	43.3	0.4	0.2	100.0
California	87,382	24.7	35.6	36.9	1.0	1.5	99.8
District of Columbia	2,380	0.9	1.2	95.0	0.0	0.0	99.9
Florida ²	12,587	0.0	50.2	49.2	0.1	0.1	100.0
Georgia	12,631	1.0	35.2	59.9	0.0	0.1	100.0
Idaho	1,032	0.0	85.9	0.7	4.2	0.0	100.0
Illinois	45,657	3.9	18.0	76.7	0.1	0.2	99.9
Kansas	5,804	5.5	64.9	25.8	1.3	0.8	100.0
Kentucky	3,949	1.4	67.3	26.7	0.2	0.4	100.0
Massachusetts	14,337	17.3	52.5	25.7	0.2	1.3	100.1
New Jersey	6,920	11.0	22.8	63.2	0.5	0.6	100.0
New Mexico	1,506	45.2	35.9	11.1	7.1	0.7	100.0
New York	60,216	14.5	13.2	52.3	0.1	0.4	100.1
Ohio	14,531	1.4	45.8	47.2	0.1	0.1	99.9
Oregon	5,439	6.2	70.6	13.5	4.8	0.9	100.0
Rhode Island	3,074	11.0	54.8	26.3	1.1	1.3	100.0
South Carolina	4,482	0.0	34.5	63.9	0.0	0.0	99.9
Texas	16,415	25.1	33.6	30.1	0.2	0.4	100.0
Utah	1,415	8.3	81.3	3.3	5.7	0.7	100.1
Totals ⁴	306,914	13.8	32.3	46.8	0.7	0.8	100.0

¹ Data were extracted from an Information System under development. ² Does not include relative placement cases and its Information System, at the time of data extraction did not contain "Hispanic Origin" information. ³ The Race and Ethnicity categories have been determined using two AF-CARS data elements, "Race" and "Hispanic Origin." The national estimate was 469,073. ⁴ The four Race/Ethnicity categories defined as "Non-Hispanic" resulted from States' coding data element "Race" as White, Black, AI/AN (American Indian/Alaskan Native), or ASIAN/Pi (Asian/Pacific Islander), and leaving data element "Hispanic Origin" blank (missing) or coding it as "No" or "Unable to Determine."

Source: Preliminary analysis of data from the Adoption and Foster Care Analysis and Reporting System, Department of Health and Human Services.

TABLE 12-21.—REASONS CHILDREN ENTERED SUBSTITUTE CARE, FISCAL YEAR 1990

	Percent
Protective service	50.2
Parent condition or absence	20.9
Status offense/delinquent	11.3
Relinquishment of parental rights	0.8
Handicap of child	1.9
Other	12.5
Unknown	2.4

Source: American Public Welfare Association.

TABLE 12-22.—PERMANENCY PLANNING GOALS FOR CHILDREN IN CARE, FISCAL YEAR 1990

	Percent
Family reunification	60.1
Long-term foster care	12.0
Adoption	15.1
Independent living	5.2
Guardianship	3.1
Care and protection in substitute care	2.2
Unknown	2.3

Source: American Public Welfare Association.

TABLE 12-23.—LIVING ARRANGEMENTS OF CHILDREN IN CARE, FISCAL YEAR 1990

	Percent
Foster family homes	74.5
Nonfinalized adoptions	2.7
Group homes/residential treatment/emergency shelters	16.4
Independent living	0.5
Other	5.6
Unknown	0.3

Source: American Public Welfare Association.

TABLE 12-24.—NUMBER OF PLACEMENTS DURING PREVIOUS 3 YEARS FOR CHILDREN IN CARE AT END OF FISCAL YEAR 1990 ¹

	Percent
1 placement	42.6
2 placements	27.5
3-5 placements	23.6
6 or more placements	6.1
Unknown	0.2

¹ Includes current placement.

Source: American Public Welfare Association.

A comparison of these data with data from previous years suggests a trend toward more multiple placements between fiscal years 1982 and 1990. Specifically, a total of 43.1 percent of children in care at the end of fiscal year 1982 had been in more than one placement, compared with 57.2 percent at the end of 1990.

Table 25 indicates the length of time in continuous care experienced by children who remained in care at the end of 1990. A comparison with 1982 data on length of stay for children remaining in care at the end of the year indicates that the percentage of children in care for 5 or more years has decreased from 18.2 to 10.2 percent, and the percentage of children in care 6 months or less is somewhat less in 1990 than it was in 1982 (21.7 percent), although it had increased slightly in the interim years.

TABLE 12-25.—LENGTH OF TIME IN CONTINUOUS CARE, FISCAL YEAR 1990

[In percent]

	Children in care
0-6 months	17.8
6-12 months	14.8
1-2 years	23.9
2-3 years	15.8
3-5 years	16.9
5 years or more	10.2
Unknown	0.6
Median (years)	1.7
Number of States	22

Source: American Public Welfare Association.

OUTCOMES FOR CHILDREN LEAVING CARE

Data are available from the VCIS from 24 States on the outcomes for children who left care in 1990. Table 12-26 indicates that two-thirds of children were reunified with their families. A comparison of these data with earlier years indicates that family reunification significantly increased from 49.7 percent in fiscal year 1982 to 66.6 percent in fiscal year 1990. Adoption, on the other hand, decreased as an outcome for children leaving care from 10.4 percent in fiscal year 1982 to 7.7 percent in fiscal year 1990.

When evaluating these data on outcomes for children leaving care, it should be remembered that a portion of the children will likely return to substitute care at some point. For example, 15 percent of children entering care in fiscal year 1990 were reentrants.

CHARACTERISTICS OF CHILDREN IN ADOPTIVE CARE

As with foster care, national data on the characteristics of children for whom adoption assistance payments are made are sketchy. Thus far, the only available data has been from APWA's VCIS reports. Once AFCARS is fully operational, data on adoptive children will become available.

Not all of the children described in VCIS data are the beneficiaries of adoption subsidies. VCIS collects information from States and compiles it in an annual report, with data available from fiscal years 1982–90. APWA notes that the data in its reports should be treated as rough estimates given the voluntary nature of the information and the fact that not all States report data on all questions or conform to the same data definitions.

TABLE 12–26.—OUTCOMES FOR CHILDREN WHO LEFT CARE, FISCAL YEAR 1990

	Percent
Reunified	66.6
Adopted	7.7
Reached age of majority/emancipated	6.5
Other ¹	15.7
Unknown	3.5

¹ "Other" includes such reasons as running away, marriage, incarceration, death, discharge to another agency, or legal guardianship established.

Source: American Public Welfare Association.

VCIS collects information on adoptions related to substitute care children only. VCIS divides children in adoptive care into those with finalized adoptions, those awaiting adoptive placement, and those residing in nonfinalized adoptive homes. Children in the latter two categories are included in VCIS's definition of substitute care. VCIS collects data on the age, race/ethnicity, special needs status, and relation to adoptive parents of these children. The numbers below represent national estimates that APWA calculated based on data received from reporting States. Not all of the children described below were adopted with subsidies.

As shown in table 12–27, VCIS reported that 17,000 children had their adoption finalized in fiscal year 1990, and another 18,000 were placed in nonfinalized adoptive homes. In addition, 20,000 were still in substitute care and awaiting adoptive placement at the end of fiscal year 1990. Of the adoptions that were finalized in fiscal year 1990, the two largest age groups of children were between 1 and 5 years of age (49.7 percent) and between 6 and 12 years of age (37.4 percent). About half of these children (50.8 percent) were white, while 29.2 percent were black. Two-thirds had one or more special needs.

Less than half (41.5 percent) of the children whose adoptions were finalized in fiscal year 1990 were adopted by people unrelated to them. Another 47.2 percent of the children were adopted by non-relative foster parents. Seven percent were adopted by relatives. The characteristics of children awaiting adoptive placement are somewhat different from children whose adoptions were finalized. These children are generally older and include a greater percentage of black children (42.8 percent versus 29.2 percent of finalized children). In addition, of the children awaiting adoptive placement, 46.3 percent had been waiting for 2 or more years.

TABLE 12-27.—FINALIZED ADOPTIONS AND CHILDREN AWAITING ADOPTIVE PLACEMENT, FISCAL YEAR 1990

[In percentages]

	Finalized adop- tions ¹	Children await- ing adoptive placement ²
Age:		
0-1 year	³ 4.5	³ 4.0
1-5 years	49.7	36.2
6-12 years	37.4	43.2
13-18 years	7.7	15.8
19 years and older	0.2	0.7
Unknown	0.5	0.1
Race/ethnicity:		
White	⁴ 50.8	⁵ 44.3
Black	29.2	42.8
Hispanic	13.3	7.0
Other	4.5	3.7
Unknown	2.2	2.2
Special needs status:		
1 or more special needs	⁶ 66.7	⁷ 71.7
No special needs	33.3	27.9
Unknown	0.0	0.4
Time awaiting adoptive placement: ⁸		
0 to 6 months		19.4
6 to 12 months		12.4
1 to 2 years		21.4
2 years or more		46.3
Unknown		0.5

¹ Data reported on the number of finalized adoptions which took place during fiscal year 1990.² Data reported on the number of children awaiting placement at the end of fiscal year 1990.³ Data provided by 20 States.⁴ Data provided by 27 States.⁵ Data provided by 25 States.⁶ Data provided by 19 States.⁷ Data provided by 18 States.⁸ Data provided by 16 States.

Source: American Public Welfare Association.

TRENDS IN CHILD WELFARE AND FOSTER CARE COSTS

As a result of the trends in foster care caseloads and the Federal requirements of Public Law 96-272, funding for the Title IV-E Foster Care Program has increased significantly from 1981 to 1996. Based on Administration estimates for fiscal year 1996, Federal title IV-E expenditures increased almost tenfold (from \$308.8 million to \$3,333 million) between 1981 and 1996. Although the program has not been fully funded since 1981, funding for the Title IV-B Child Welfare Services Program increased by 80 percent from 1981 to 1994 (\$163.6 million to \$294.6 million), although funding for this program has since declined to \$277.4 million in fiscal year 1996. Funding for the title XX social services block grant, which

States may use for child welfare services, has actually fallen in nominal terms.

In recent years, an increasing proportion of title IV–E costs has been expended on child placement services, administration, and training. Table 12–29 shows HHS and CBO estimates of title IV–E expenditures through fiscal year 2001. Expenditures for administration include child placement service expenditures on behalf of children who are “candidates” for foster care, as well as children who are actual recipients of foster care maintenance benefits. In other words, funds are expended on behalf of certain children before and during the time a title IV–E eligibility determination is made; as a result, Federal reimbursement is provided for administration and services for some children who, ultimately, are determined not eligible for title IV–E maintenance payments.

TABLE 12–28.—PROPORTION OF SPECIAL NEEDS¹ CHILDREN IN FOSTER CARE, AWAITING ADOPTION, AND ADOPTED, SELECTED YEARS 1984–90

Status	Year			
	1984	1985	1988	1990
Number of children in foster care	276,000	276,000	340,000	406,000
(Percent with special needs)	22	18	22	13
Number of foster children awaiting adoption	17,000	16,000	18,000	20,000
(Percent with special needs)	43	51	64	72
Number of foster children adopted	20,000	16,000	19,000	17,000
(Percent with special needs)	57	62	59	67

¹Special needs are determined by the States and may include a child’s age, minority status, membership in a sibling group, or medical, emotional, or physical disability.

Source: Maximus (1987); American Public Welfare Association (1993).

Table 12–30 shows Federal foster care expenditures by State in 1984, 1988, 1993, and 1995. Between 1984 and 1995, total foster care expenditures increased from \$438 million to \$3.050 billion (596 percent). Between 1988 and 1995, total foster care expenditures increased by 242 percent. Over this latter time period, foster care maintenance costs increased from \$548 million to \$1.594 billion (191 percent). Because of the large increase in administrative and placement costs relative to maintenance costs, the share of total cost represented by maintenance costs decreased between 1988 and 1995.

Some have argued that foster care and adoption assistance became more expensive for the Federal Government after enactment of Public Law 96–272 because a growing number of States transferred costs they had traditionally paid with State dollars to the Federal Government as administrative expenses. During an April 1987 hearing of the House Select Committee on Children, Youth, and Families, Dodie Livingston, Commissioner of the Administration for Children, Youth, and Families, testified that “States are finding ways to refinance existing services through these entitlements and the growth in administrative cost does not reflect increases in services or improved management.” She also expressed concern that the open-ended entitlement of title IV–E was being exploited by States that were hiring consultants to help them “cap-

ture” more available Federal funds. As evidence, the Assistant Secretary pointed to the high variability of title IV–E administrative and cost claims among States.

TABLE 12–29.—PROPORTION OF TITLE IV–E FOSTER CARE EXPENDITURES SPENT ON ADMINISTRATION AND TRAINING, FISCAL YEARS 1983–2001¹

Fiscal year	Total Federal title IV–E expenditure (in millions)	Administration and training expenditures (in millions) ²	Administration and training proportion of total
Actual:			
1983	\$394.8	\$117.9	0.30
1984	445.2	147.4	0.33
1985	546.2	190.9	0.35
1986	605.4	213.8	0.35
1987	792.6	312.9	0.39
1988	891.1	342.8	0.38
1989	1,153.1	507.1	0.44
1990	1,473.2	638.2	0.43
1991	1,819.2	788.8	0.43
1992	2,232.8	1,029.0	0.46
1993	2,547.0	1,182.0	0.46
1994	2,606.5	1,190.5	0.46
1995	3,050.2	1,455.7	0.48
HHS estimate:			
1996	3,332.8	1,625.9	0.49
1997	3,603.7	1,688.8	0.47
1998	3,926.0	1,832.4	0.47
1999	4,273.3	1,986.0	0.46
2000	4,652.1	2,153.9	0.46
2001	5,074.2	2,345.5	0.46
CBO estimate:			
1996	3,213.0	1,502.0	0.47
1997	3,467.0	1,567.0	0.45
1998	3,782.0	1,681.0	0.44
1999	4,096.0	1,787.0	0.44
2000	4,440.0	1,911.0	0.43
2001	4,794.0	2,038.0	0.43

¹ Does not include transfer to title IV–B.

² Includes regular administration, training, and for fiscal years 1994–2001, State automated child welfare information system (SACWIS) costs.

Source: Compiled by House Committee on Ways and Means staff based on data from U.S. Department of Health and Human Services and Congressional Budget Office.

In October of 1987, the HHS Office of Inspector General (OIG) published a report on the high absolute levels of title IV–E administrative and training costs and the wide variation of claims among States. The report found that the administrative costs associated with the Foster Care Program were much higher than those associated with similar programs such as AFDC, and the Medicaid and Food Stamp Programs. However, the additional spending was attributed to the fact that regulations implementing Public Law 96–272 expressly defined many activities as allowable administrative

costs that were not reimbursed by the Federal Government when foster care was part of AFDC. By regulation, claimable title IV-E administrative costs include:

1. Referral to services at time of intake;
2. Preparation for, and participation in, judicial determinations;
3. Placement in foster care;
4. Development of a case plan;
5. Case reviews;
6. Case management and supervision;
7. Recruitment and licensing of foster homes and institutions; and
8. Foster care rate setting.

The 1987 report also found that much of the variation of States' administrative cost claims was linked to the degree of sophistication of each State's accounting practices. The report concluded that although HHS had uncovered some random accounting errors "there was no evidence found to demonstrate patterns of abuse." In fact, OIG did an audit of the State of Missouri, in which claimed administrative costs had risen "precipitously" and found no serious State violations of Federal guidelines or regulations.

In addition, the report noted that the decision by the HHS Departmental Appeals Board concerning Missouri's title IV-E allowable administrative costs, which was issued shortly before the OIG's report, would further expand the allowable expenses that could be charged as administration and training. The Office of Inspector General issued another report in August 1990b with the following specific findings, which are generally consistent with the findings made in the 1987 report:

1. The term "administrative costs" is a misnomer. Most of the activities being funded are not traditional administrative costs, but are "important child placement services." Administrative costs grew from \$143 million in 1985 to \$400 million in 1988. However, only 20 percent of the cost increase is attributable to administration of the program. Nearly 80 percent relates to direct service activities that the IG classified as "child placement services."
2. The current procedure used to account for costs does not allow for examining any correlation between increased administrative costs and increased services to foster children.
3. Cost increases occurred for two primary reasons: the expanded definition of allowable administrative activities provided in Public Law 96-272, and a broad interpretation of that definition by the Departmental Appeals Board. Other factors contributing to the increases were the States' use of consultants, an increase in the number of title IV-E children, increases in the number of case workers, and cost-of-living increases for State employees.
4. Variations in costs among States resulted from using nonhomogeneous cost indicators, a lack of uniformity in defining and allocating allowable costs, a gradual trend by States to use consultants for identifying opportunities to maximize Federal funding sources, and States' revision of cost allocation plans to capture costs for children who are "candidates" for IV-E foster care (but who may not ultimately receive foster care maintenance payments).

TABLE 12-30.—FEDERAL FOSTER CARE EXPENDITURES BY STATE, SELECTED YEARS 1984-95

State	Fiscal year total expenditures (dollars in millions)				Maintenance costs (dollars in millions)		Maintenance costs as a percentage of total		Percentage growth in total expenditures, 1988-95 ³
	1988 ¹		1993 ²		1995 ^{2,3}		1988	1995 ³	
	1984 ¹	1988 ¹	1993 ²	1995 ^{2,3}	1988	1995 ²	1988	1995 ³	
Alabama	\$2.20	\$1.96	\$4.68	\$7.29	\$1.79	\$2.06	91.3	28.3	272
Alaska	0.08	0.59	4.41	7.53	0.59	2.16	100.0	28.7	1,176
Arizona	2.12	3.78	17.97	34.32	1.40	15.07	37.0	43.9	808
Arkansas	0.55	1.11	9.75	30.38	0.65	6.97	58.6	22.9	2,637
California	99.74	196.95	478.06	569.89	123.63	297.48	62.8	52.2	189
Colorado	1.60	4.59	20.27	24.42	3.19	6.65	69.5	27.2	432
Connecticut	2.93	6.86	15.90	56.03	5.08	12.45	74.1	22.2	717
Delaware	0.42	0.53	1.34	4.75	0.52	0.86	98.1	18.1	796
District of Columbia	7.15	2.79	11.20	16.67	0.52	5.83	18.6	35.0	497
Florida	2.92	9.66	45.88	69.37	6.03	23.17	62.4	33.4	618
Georgia	7.39	11.35	24.50	23.41	5.88	11.79	51.8	50.4	106
Hawaii	0.04	0.09	2.91	8.77	0.07	2.66	77.8	30.3	9,644
Idaho	0.25	0.64	2.15	5.62	0.59	0.89	92.2	15.8	778
Illinois	6.30	26.95	117.59	190.46	18.12	99.98	67.2	52.5	607
Indiana	1.10	1.79	37.65	72.61	1.50	38.35	83.8	52.8	3,956
Iowa	1.84	4.64	13.66	14.73	2.30	7.44	49.6	50.5	217
Kansas	3.45	4.61	19.37	21.38	3.65	8.64	79.2	40.4	364
Kentucky	2.19	7.78	34.06	44.37	6.32	17.59	81.2	39.6	470
Louisiana	10.51	15.07	28.56	34.85	7.48	20.01	49.6	57.4	131
Maine	2.97	5.09	9.44	14.83	3.20	12.01	62.9	81.0	191
Maryland	3.06	22.27	44.60	52.37	5.29	23.35	23.8	44.6	135
Massachusetts	5.12	10.65	57.40	82.46	6.49	33.61	60.9	40.8	674
Michigan	33.32	46.34	103.27	111.75	29.28	59.77	63.2	53.5	141
Minnesota	6.38	20.59	33.00	33.88	7.30	21.72	35.5	64.1	65
Mississippi	0.97	0.93	4.09	5.58	0.91	1.76	97.8	31.5	500
Missouri	4.35	14.51	29.07	38.15	6.43	17.47	44.3	45.8	163
Montana	1.53	2.16	4.58	9.00	1.82	4.07	84.3	45.2	317
Nebraska	2.29	5.28	10.16	17.49	2.52	8.57	47.7	49.0	231
Nevada	0.36	1.06	2.88	2.80	0.68	1.32	64.2	47.1	164

TABLE 12-30.—FEDERAL FOSTER CARE EXPENDITURES BY STATE, SELECTED YEARS 1984-95—Continued

State	Fiscal year total expenditures (dollars in millions)					Maintenance costs (dollars in millions)		Maintenance costs as a percentage of total		Percentage growth in total expenditures, 1988-95 ³	
	1988 ¹		1993 ²		1995 ^{2,3}		1995 ²		1995 ³		
	1984 ¹	1988 ¹	1993 ²	1995 ^{2,3}	1988	1995 ²	1988	1995 ³	1988		1995 ³
New Hampshire	1.21	2.83	7.37	8.23	1.75	3.92	61.8	47.6	191		
New Jersey	5.87	15.05	25.30	28.76	7.16	15.32	47.6	53.3	91		
New Mexico	0.63	3.91	5.46	6.70	2.21	2.86	56.5	42.7	71		
New York	128.61	255.27	779.23	731.13	177.57	421.52	69.6	57.7	186		
North Carolina	2.11	2.36	17.63	41.16	2.15	32.85	91.1	79.8	1,644		
North Dakota	0.79	1.33	5.41	7.59	1.06	2.89	79.7	38.1	471		
Ohio	5.80	32.16	91.98	127.09	14.11	68.38	43.9	53.8	295		
Oklahoma	3.68	4.21	8.19	28.96	2.20	6.41	52.3	22.1	588		
Oregon	6.26	13.12	14.08	27.67	5.92	9.78	45.1	35.3	111		
Pennsylvania	29.19	45.28	180.46	187.17	39.25	138.81	86.7	74.2	313		
Rhode Island	1.24	5.45	8.08	8.64	2.26	4.80	41.5	55.6	59		
South Carolina	1.34	4.42	8.82	12.08	1.92	6.08	43.4	50.3	173		
South Dakota	0.52	1.63	2.57	2.44	0.67	0.89	41.1	36.5	50		
Tennessee	1.68	2.71	15.77	24.33	2.65	15.42	97.8	63.4	798		
Texas	10.18	31.21	72.18	100.00	8.92	50.64	28.6	50.6	220		
Utah	0.81	1.68	5.96	10.49	1.22	3.96	72.6	37.8	524		
Vermont	1.93	3.83	6.65	8.20	1.91	5.74	49.9	70.0	114		
Virginia	3.09	4.64	13.39	19.63	3.33	6.21	71.8	31.6	323		
Washington	4.36	7.58	19.89	12.59	3.77	9.87	49.7	78.4	66		
West Virginia	5.56	7.50	4.27	5.88	5.31	3.86	70.8	65.6	(22)		
Wisconsin	10.32	13.61	42.58	44.95	9.43	19.56	69.3	43.5	230		
Wyoming	0.14	0.76	1.05	0.75	0.34	0.52	44.7	69.3	(1)		
Total	438.45	891.16	2,524.72	3,049.60	548.34	1,593.99	61.5	52.3	242		

¹ Does not include transfers from title IV-E (Foster Care) to title IV-B (Child Welfare Services). ² Does not include disputes and reconciliations. ³ For fiscal year 1995, includes State Automated Child Welfare Information System (SACWIS) expenditures.

Note.—Totals may differ from sum of State amounts because of rounding.

Source: Department of Health and Human Services.

The report concluded that legislative and administrative measures were necessary for containing escalating administrative costs.

During the second session of the 101st Congress, legislation was enacted as part of the Omnibus Budget Reconciliation Act of 1990 (Public Law 101-508) designed to provide better information on State reimbursement for administrative costs. Under the provisions of Public Law 101-508, "child placement services" was added as a separate category for which States may claim reimbursement, in addition to administrative costs. Prior to this provision, States claimed reimbursement for child placement services as administrative costs. The amendment, while not changing the type of services for which States may claim reimbursement, was designed to provide more specific information on how Federal matching funds are used. HHS reports that of claims filed for child placement and administrative costs in fiscal year 1994, 45 percent were for case planning and management activities, 30 percent were for preplacement activities, 9 percent were for eligibility determinations, and the remaining 16 percent were for other activities, including traditional administrative and overhead costs.

FOSTER CARE AND ADOPTION INFORMATION SYSTEM

LACK OF ADEQUATE DATA

Historically, there has been a lack of reliable data on foster care and adoption. In fact, not every State even reported its average monthly foster care caseload under the federally assisted program until 1975. Moreover, States have never been required to collect data on non-federally-assisted foster care. This lack of data was one of several concerns that Congress hoped to address with enactment of the Adoption Assistance and Child Welfare Act of 1980 (Public Law 96-272).

The 1980 law imposed several requirements on States as a condition for incentive funds under the Title IV-B Child Welfare Services Program, including a one-time inventory of children in foster care and a statewide information system for tracking children in foster care. Shortly after enactment of Public Law 96-272, HHS wrote detailed guidelines for the implementation of these requirements, which were published as an interim final rule on December 31, 1980. However, HHS withdrew these regulations the following March, stating that the Office of Management and Budget (OMB) had not reviewed and approved certain sections. In 1982, the Department issued a policy information question (ACYF-PIQ-82-06) which restated the law's requirement that States have an information system, but did not specify the system's content. The 1980 regulations were never reissued.

Since 1982, HHS has funded the American Public Welfare Association (APWA) to conduct a voluntary annual survey of States, known as the Voluntary Cooperative Information System (VCIS). Until now, VCIS has been the only source of national data on the number and characteristics of children in foster and adoptive care. However, the VCIS is of limited use for several reasons—not all States participate fully in the survey, reporting periods are not consistent among States, and there is a serious time lag between data collection and publication. Further, data are available only in an

aggregated, State-specific format, preventing the type of analysis that could be conducted with case-specific data. VCIS data are presented earlier in this section.

In response to the need for better data collection, Congress in 1986 approved an amendment to title IV-E (section 479) requiring that an advisory committee be established and submit a report to Congress and HHS with recommendations for establishing, administering, and financing a system for collecting data on adoption and foster care. This amendment, contained in the Omnibus Budget Reconciliation Act, Public Law 99-509, required that the Secretary of HHS issue final regulations for the system by December 31, 1988, and that mandatory data collection be fully implemented no later than October 1, 1991.

The advisory committee submitted its final report in 1987, and in May 1989, HHS submitted an implementation plan to Congress.

On September 27, 1990, HHS proposed regulations to implement the data collection system known as the Adoption and Foster Care Analysis and Reporting System (AFCARS). The population to be covered would have been children under the responsibility of the State child welfare agency and financing would have come from the title IV-E administrative cost match. States would have been able to claim only that portion of their costs that related to children eligible for title IV-E, although the system would have required States to collect data on non-IV-E children as well.

OBRA 1993 AND FINAL RULES FOR AFCARS AND SACWIS

In 1993, as part of the Omnibus Budget Reconciliation Act (Public Law 103-66), Congress amended section 479, the title IV-E provision added in 1986 that required establishment of a foster care and adoption data collection system.

The 1993 amendment authorized an enhanced Federal matching rate to States for certain costs related to data collection for fiscal years 1994-96. The statute specifies that this enhanced match of 75 percent is available for costs of planning, design, development and installation of statewide mechanized data collection and information retrieval systems, including costs of hardware, as long as the systems do the following: comply with HHS regulations; to the extent practicable, interface with State child abuse and neglect data collection systems and with AFDC data collection systems; and provide more efficient, economical and effective administration of State child welfare programs, as determined by HHS.

The 1993 law provides that ongoing operational costs of State data collection and information retrieval systems will be matched at the 50 percent Federal rate available for administrative expenses under title IV-E. After fiscal year 1996, the enhanced match will expire and all data collection costs will be matched at the 50 percent rate. Further, the amendment specifies that States may claim reimbursement for data collection systems without regard to whether they are used for foster and adoptive children who are not eligible for title IV-E assistance.

On December 22, 1993, HHS published two sets of rules in the Federal Register: interim final rules for Statewide Automated Child Welfare Information Systems (SACWIS), issued in response to enactment of Public Law 103-66; and final rules implementing

AFCARS. Under the interim final rules for SACWIS, States must develop "comprehensive" child welfare data collection systems, of which AFCARS will be a component, in order to qualify for Federal funding, including the 75 percent enhanced match. According to HHS, "comprehensive" means that a State SACWIS system must include child welfare services, foster care and adoption assistance, family preservation and support services, and independent living.

Under the interim final rules, State SACWIS systems must do the following, at a minimum:

1. Meet the AFCARS requirements;
2. Provide for intrastate electronic data exchange with data collection systems operated under AFDC, Medicaid, child support enforcement, and the National Child Abuse and Neglect Data System (unless not practicable for certain reasons);
3. Provide for automated data collection on all children in foster care under the responsibility of the State child welfare agency to support implementation of section 427 protections and requirements;
4. Collect and manage information necessary to facilitate delivery of child welfare services, family preservation and family support services, family reunification services, and permanent placement;
5. Collect and manage information necessary to determine eligibility for the Foster Care, Adoption Assistance, and Independent Living Programs; meet case management requirements;
6. Monitor case plan development, payment authorization and issuance, and review and management including eligibility determinations and redeterminations; and
7. Ensure confidentiality and security of information.

In addition, optional SACWIS functions could include (if cost-beneficial) resource management, tracking and maintenance of legal and court information, administration and management of staff and workloads, licensing verification, risk analysis, and interfacing with other automated information systems.

HHS reports that, as of April 1996, 27 States were implementing SACWIS and another 18 were in the planning phase. Among those in some phase of implementation, 5 States were partially operational. The 27 implementing States were:

Alaska, Arizona, Arkansas, California, Connecticut, District of Columbia, Delaware, Idaho, Iowa, Indiana, Georgia, Kentucky, Massachusetts, Minnesota, Missouri, Montana, Nebraska, North Dakota, New Mexico, Oklahoma, Oregon, Rhode Island, South Carolina, South Dakota, Texas, Utah, and Washington.

The 18 States that were in the planning process were:

Alabama, Colorado, Florida, Illinois, Louisiana, Maine, Maryland, Michigan, Mississippi, Nevada, New Hampshire, New Jersey, New York, Tennessee, West Virginia, Wisconsin, Wyoming, and Virginia.

Hawaii, Pennsylvania, Kansas, North Carolina, Ohio and Vermont either were not participating or had terminated their projects.

Under the final AFCARS rules, States are required to collect case-specific data on all children in foster care for whom the State child welfare agency has responsibility for placement, care or su-

pervision, regardless of their eligibility for title IV-E. Further, States are required to collect data on all adopted children who were placed by the State child welfare agency, and on all adopted children for whom the State provides adoption assistance (ongoing payments or for nonrecurring expenses), care or services either directly or by contract with other private or public agencies. States must report data to HHS twice a year. Penalties for noncompliance with AFCARS requirements will not be imposed during the first six reporting periods (Oct. 1, 1994–Sept. 30, 1997). Half-penalties will be imposed during the following two reporting periods, and full penalties will be imposed on States out of compliance for the reporting period beginning October 1, 1998.

Preliminary data are available from AFCARS and are presented earlier in this section.

LEGISLATIVE HISTORY

Federal assistance to enable States to make maintenance payments for children who were not living with a parent and had been placed in foster care by a child welfare agency first became available under what was then called the Aid to Dependent Children (ADC) Program in 1961.

Foster care under title IV-A of the Social Security Act was amended in 1980 by Public Law 96-272. This legislation continued AFDC foster care as a required Federal matching grant program, but transferred it to a newly created title IV-E. It also changed the funding mechanism for this program and the Child Welfare Services Program under title IV-B, providing linkages between the two to encourage less reliance on foster care placement and greater use of services aimed at preventing placement and encouraging family rehabilitation. The entitlement nature of AFDC foster care was retained, but under title IV-E its open-endedness was potentially limited by a provision that was contingent on the funding level of title IV-B. The legislation specified a number of protections to help prevent inappropriate placements or long-term stays in foster care, and a number of programs were established to provide services to specialized foster care populations. Under title IV-E, a new Federal matching grant program for payments to parents who adopt a child with special needs was also established and permanently authorized. Funding for adoption assistance is on an open-ended entitlement basis.

The Foster Care and Adoption Assistance Programs were amended in the 99th Congress, under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA, Public Law 99-272). This legislation also established a new entitlement program under title IV-E to help States facilitate the transition of children age 16 and over from AFDC foster care to independent living. The program is called the Independent Living Program.

The 99th Congress also enacted legislation as part of the Tax Reform Act of 1986 (Public Law 99-514) that amended the Adoption Assistance Program under title IV-E to provide for Federal matching funds for the one-time adoption expenses of children with special needs, regardless of whether the children are eligible for AFDC or SSI payments.

During the 100th Congress, legislation was enacted to expand the Independent Living Program to include children ages 16 or over who are in any foster care situation and to provide services for specified children for 6 months after foster care payments or foster care ends (Public Law 100-647).

During the first session of the 101st Congress, legislation was enacted as part of the Omnibus Reconciliation Act of 1989 (Public Law 101-239) to increase the authorization level of the IV-B program from \$266 million to \$325 million; and to extend the Independent Living Program through 1992, increase the entitlement ceiling from \$45 million to \$50 million for fiscal year 1990, \$60 million for fiscal year 1991, and \$70 million for fiscal year 1992, and establish a State match beginning in fiscal year 1991.

During the second session of the 101st Congress, the Omnibus Budget Reconciliation Act of 1990 (Public Law 101-508) made several minor amendments to the Child Welfare, Foster Care and Adoption Assistance Programs. Among other things, these amendments required States to distinguish between traditional administrative costs and child placement costs which previously had been classified as administrative costs, and gave States the option of providing independent living services to foster children up to age 21.

The 103d Congress enacted significant child welfare amendments in the Omnibus Budget Reconciliation Act of 1993 (Public Law 103-66). This legislation created a new capped entitlement under title IV-B for a broad range of services to families (including foster, adoptive and extended families), termed "family preservation" and "family support" services. The legislation also included a set-aside for grants to State courts for assessments and improvements of judicial child welfare proceedings; authorized a 3-year enhanced match to States for planning, designing, developing or installing child welfare data collection systems; permanently authorized the Independent Living Program; and permanently authorizes a 75 percent matching rate for certain State training expenses.

Also enacted during the 103d Congress were the Social Security Act Amendments of 1994 (Public Law 103-432), which contained a variety of child welfare provisions. Under these amendments, the "section 427" child protections were re-established as State plan requirements under a new section 422(b)(9) of the Act, effective April 1, 1996. In addition, Public Law 103-432 authorized a new conformity review system to monitor and enforce State compliance with Federal requirements and State plan provisions.

Public Law 103-432 also requires States to describe measures taken to comply with the Indian Child Welfare Act in their title IV-B State plans; authorizes child welfare traineeships; requires foster care placements to be in the "most appropriate" as well as "most family-like" setting; and requires dispositional hearings to be held at least every 12 months after the first such hearing. Further, the 1994 legislation authorizes HHS to conduct child welfare demonstrations in up to 10 States, allowing States to waive certain IV-B and IV-E provisions; establishes additional case plan and case review procedures for children placed outside their home State; and establishes a timetable for Federal review of State foster care and adoption assistance claims. Finally, Public Law 103-432 estab-

lished a new section 1130A of the Social Security Act, addressing judicial review of Social Security Act provisions that are required as components of State plans. This provision was developed in response to a Supreme Court ruling in *Suter v. Artist M.*, an Illinois child welfare case.

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