



Memorandum

February 26, 2008

TO: House Ways and Means Committee
Attention: Matt Weidinger

FROM: Emilie Stoltzfus
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Domestic Social Policy Division

SUBJECT: Child Welfare Funding Proposed by the Child SAFE Act (H.R. 4856 - 108th Congress) Compared to Actual and/or Projected Funding, FY2005-FY2010

This memorandum responds to your request for a comparison of funding levels proposed by the Child Safety, Adoption, and Family Enhancement Act of 2004 (Child SAFE Act, H.R. 4856 - 108th Congress) and funding levels received (or expected to be received) under certain parts of Title IV-B and Title IV-E of the Social Security Act. The memorandum makes this comparison for each of six years (FY2005-FY2010). (See **Table 1** at the end of this memorandum.) I trust this information will be useful. Please feel free to contact me (7-2324 if you have additional questions.

Current Law and Proposals in Child SAFE Act

Under Title IV-E of the Social Security Act states are entitled to receive open-ended reimbursement for specified costs related to providing foster care and adoption assistance to eligible children. In other words, there is no upper (or lower) limit on federal spending for these purposes. Instead, the federal government is committed to paying for a fixed share of every eligible foster care or adoption assistance cost incurred by states on behalf of eligible children.¹ For foster care maintenance payments and adoption assistance payments, that federal share of eligible costs is equal to the state's federal medical assistance percentage (FMAP), which may range from 50% (for highest per capita income states) to 83% (for lowest per capita income states). All states receive the same federal reimbursement rate (50%)

¹ States are also entitled to receive capped mandatory funding for independent living services (\$140 million annually) and may receive a share of discretionary funding provided for related education and training vouchers under Title IV-E (funding authorization is \$60 million annually; actual funding was \$45 million in FY2008). Further, under the Title IV-E Adoption Incentives program, states may receive awards for increasing the number of children adopted out of foster care. The Child SAFE Act of 2004 did not propose to change these provisions and they are not discussed in this memorandum nor is funding for them included anywhere in **Table 1**.

for most eligible program administration costs related to foster care or adoption assistance. However, the federal reimbursement rate for eligible training costs under Title IV-E is 75%.

With limited exceptions, Title IV-E claims (for any purpose) may only be submitted for children who meet the federal Title IV-E eligibility criteria. For FY2006 an estimated 43% of the children in foster care were believed to be Title IV-E eligible. States are expected to bear the full responsibility for program costs related to children who are not eligible for Title IV-E support.²

Under the Child Welfare Services and Promoting Safe and Stable Families programs (authorized under Title IV-B of the Social Security Act), states receive allotments of capped funding (part of which is authorized for appropriation on a mandatory basis and part on a discretionary basis) to provide child and family services. These services may be provided to any child or family judged to be in need of such services (by the state) and, as a whole, are intended to promote and protect the safety and permanency of children, and to enhance the well-being of children and their families. A state must provide matching funds of at least 25% of each of the Title IV-B programs' total costs in order to receive its full allotment of funds under them.

As introduced in July 2004, the Child SAFE Act proposed to expand federal eligibility for Title IV-E foster care to potentially all children in foster care and would have capped (on a national basis) funding available for foster care maintenance payments. At the same time the bill proposed to lower the matching rate for foster care maintenance payments to 65% of a state's FMAP.³ Further it would have provided for a capped mandatory funding amount (and additional discretionary funding authorization) for a new Safe Children, Strong Families grant. This grant would have incorporated funding for the purposes of the Title IV-B programs as well as most eligible Title IV-E foster care and adoption assistance administration (including training but *excluding* data collection).⁴ The federal matching rate under the new Safe Children, Strong Families grant would have been 68% for all states.⁵ Finally, H.R. 4856 (108th Congress) would also have expanded eligibility for Title IV-E adoption assistance payments (to include potentially all children meeting state-defined special needs criteria who were adopted from foster care) and it would have permitted states to continue to seek open-ended reimbursement for a fixed share of the costs of providing

² States may be able to use other federal funds to offset some of the foster care and/or adoption assistance costs of non Title IV-E eligible children. Federal funding sources that states have tapped for casework or other services and activities for these children include the Social Services Block Grant (SSBG), the Temporary Assistance for Needy Families (TANF) block grant, and Medicaid.

³ The bill proposed to limit a state's access to the total foster care maintenance payment funding based on its share of overall foster care maintenance payment funding in FY2003. However, any state that did not have sufficient foster care maintenance payment claims to access their full share of funds could have chosen to transfer those funds to use for child and family services, or to reserve the funds for foster care maintenance payments in a succeeding year.

⁴ Separate from the Safe Children, Strong Families grant, H.R. 4856 (108th Congress) would have permitted states to make claims related to data collection on an open-ended basis (with a 50% federal reimbursement rate). This is the federal funding structure currently authorized for Title IV-E data collection costs.

⁵ A state's share of the total national funding was to be determined based on its average share of federal funds payable to them (FY2001-FY2003) under the funding streams that would have been combined in the new grant.

adoption assistance payments. However, the matching rate for those claims would have been lowered to 85% of a state's FMAP. **Table 1** below does not include any of the mandatory open-ended funding that would have been authorized for Title IV-E adoption assistance payments by H.R. 4856 (108th Congress) or for data collection. Likewise, any funding received (or projected to be received for adoption assistance payments) is excluded from the "actual/projected" funding amounts shown in **Table 1**. However, funding claimed or projected to be claimed for data collection costs are included. (See table notes.)

Proposed Funding Versus Actual or Projected Funding

Table 1 compares *mandatory* funding levels that would have been provided by H.R. 4856 (108th Congress) for each of FY2005 through FY2010 to the actual or projected funding provided for those same years.⁶ As it was introduced, H.R. 4856 (108th Congress) included *mandatory* funding levels for foster care maintenance payments and for the Safe Children, Strong Families Grant and those amounts are shown in **Table 1**. Comparable actual or projected *mandatory* funding levels under current law are also shown. These amounts include the federal share of the amount claimed under Title IV-E by states for foster care maintenance payments, and for foster care and adoption assistance administration claims (including training, demonstration, and data collection costs) in FY2005 and FY2006 (most recent year these data are available) and, for subsequent years, as most recently projected for those purposes by the Congressional Budget Office (CBO). The actual and projected funding also includes all of the capped *mandatory funding* authorized or appropriated funds under Title IV-B.⁷

Table 1 shows that the amount of *mandatory* funding that would have been provided by H.R. 4856 (108th Congress) in FY2005 through FY2010 exceeds the actual or projected mandatory funding provided under current law in each of those same years. In very large part the mandatory funds that would have been provided under H.R. 4856 (108th Congress) were based on the *budget authority* projected by CBO for each of these years in its *March 2004* baseline. At that time CBO projected consistent increases in federal Title IV-E spending. These projections exceeded the actual funds claimed by states in FY2005 and FY2006. In addition, since 2004 CBO has revised its budget projections downward. Therefore the *projected* mandatory funding under current law, which is based on *outlays* CBO expected in more recent baselines, are less than the March 2004 projections of budget authority for those same years.

Finally, please note that there are *no discretionary funding amounts – either authorized or appropriated – shown in Table 1*. The total discretionary funding that would have been authorized by H.R. 4856 (108th Congress) was \$525 million in each year and this level matches the current law discretionary funding authorization. The actual amount of discretionary funds that would have been provided if H.R. 4856 (108th Congress) had been enacted can not be known. For FY2005 through FY2008 the actual amount of discretionary

⁶ H.R. 4856 (108th Congress) would have provided fixed and certain mandatory funding amounts under Title IV-E and Title IV-B of the Social Security Act for each of FY2005 through FY2014. The analysis included in this memorandum is limited to the first six years because the projections of actual funding are believed to be less reliable the further out they extend.

⁷ The March 2007 CBO baseline was the most current available for FY2007 projections and the January 2008 CBO baseline was the most current available for FY2008-FY2010 projections.

funding provided under that current law (\$525 million) authorization was \$396 million in FY2005, \$383 million in each of FY2006 and FY2007, and \$352 million in FY2008. Again, none of these appropriated *discretionary funding* amounts are included in **Table 1**.

Table 1. Mandatory Funding Proposed, Provided, or Projected to be Provided Under Title IV-B and Title IV-E of the Social Security Act, FY2005-FY2010

in billions of dollars

Fiscal Year	Mandatory Funding Proposed by H.R. 4856 (108 th Congress)			Actual or Projected Mandatory Funding under Current Law ^a		
	<i>Foster Care Maintenance Payments</i>	<i>Safe Children, Strong Families Grant</i>	TOTAL^b	<i>Foster Care Maintenance Payments</i>	<i>Title IV-B Mandatory Funds and Title IV-E Administration (including Title IV-E Adoption Assistance and Foster Care data collection, demonstration, and training costs)</i>	TOTAL^c
2005	\$1.836	\$3.878	\$5.714 ^d	\$1.753	\$3.407	\$5.161
2006	\$1.882	\$4.005	\$5.887 ^d	\$1.608	\$3.419	\$5.027
2007	\$1.927	\$4.131	\$6.058 ^d	<i>\$1.596</i>	<i>\$3.668</i>	<i>\$5.264</i>
2008	\$1.971	\$4.259	\$6.230 ^d	<i>\$1.590</i>	<i>\$3.721</i>	<i>\$5.311</i>
2009	\$2.014	\$4.389	\$6.403	<i>\$1.534</i>	<i>\$3.817</i>	<i>\$5.351</i>
2010	\$2.056	\$4.515	\$6.571	<i>\$1.521</i>	<i>\$3.916</i>	<i>\$5.437</i>

Source: Table prepared by Congressional Research Service (CRS). Numbers shown in *italics* are projections (entirely, or in some part). Mandatory funding projections are based on the outlay amounts included in the Congressional Budget Office (CBO) baselines of March 2007 (for FY2007) and January 2008 (for FY2008-FY2010).

Note: Funding amounts included in this table primarily reflect funds that are (or would be) available for the foster care program (including *administration* of the adoption assistance program) under Title IV-E of the Social Security Act, as well as any mandatory funds authorized under Title IV-B of the Social Security Act. Funds that are authorized under Title IV-B or Title IV-E of the Social Security Act but *not* reflected in this table include: Funds provided for the Mentoring Children of Prisoners program (under Title IV-B) because this money is not provided to states for child welfare purposes; funding for Adoption Assistance payments (under Title IV-E) because amounts that would have been available under the Child SAFE Act (H.R. 4856 -108th Congress) are not known; funding for Adoption Incentives, the Chafee Foster Care Independence Program and Education and Training Vouchers (under Title IV-E) because H.R. 4856 (108th Congress) did not propose to change the funding structure of these programs; funding authorized for Interstate Home Study Incentives (under Title IV-E) because no funds have been appropriated under that authority (which had not been provided at the time H.R. 4856 was introduced in the 108th Congress).

a. "Actual" funding provided for FY2005 and FY2006 is based on Title IV-E expenditure claims submitted by states for foster care (all claims) and for adoption assistance (only administration, including training, claims). CBO projections are used for FY2007 through FY2010.

b. H.R. 4586 (108th Congress) proposed to permit states to continue to make open-ended claims for reimbursement of data collection costs (at 50% reimbursement rate) as is the case in the current law. The amount of mandatory funding this would have resulted in if the bill had been enacted is not projected. Thus the funding amount shown in this column understates the total funding that would have been provided.

c. Data collection costs under Title IV-E are included in this total. Claims for data collection in FY2005 and FY2006 totaled \$186 million and \$151 million dollars respectively. All of the CBO projections includes outlays expected to be made for data collection but this projected cost is not provide separate from other administrative costs.

d. The mandatory funding amount shown does not include \$100 million in funding that the Child SAFE Act (H.R. 4856-108th Congress) would have appropriated in each of FY2005 through FY2008 for "Challenge Grants." The bill provided that each state that both met all the "national [child welfare performance] standards" *and* significantly exceeded a specified (and increasing) number of those standards in FY2005 through FY2008 could receive some Challenge Grant funding. Funds not awarded to states would revert to the federal treasury. It is not clear that any state would have received funds under this incentive structure.