



**Statement of Robin Arnold-Williams
Executive Director, Utah Department of Human Services**

***Testimony Before the Subcommittee on Human Resources
House Committee on Ways and Means***

July 13, 2004

**Child Welfare Financing Reform
and the Interstate Compact on the Placement of Children**

Good morning, Mr. Chairman and members of the Sub-Committee. I am Robin Arnold-Williams, executive director of the Utah Department of Human Services. I am pleased to join you today to testify on behalf of the state of Utah and the American Public Human Services Association (APHSA), a nonprofit, bipartisan organization representing state and local human service professionals for more than 70 years. Thank you for the opportunity to testify on improving the financing of child welfare in this country and the reform of the Interstate Compact on the Placement of Children.

Commitment to Accountability and Achieving Positive Outcomes

APHSA would like to commend the subcommittee for dedicating a significant amount of time to child welfare through the six hearings that have been held within the last year. States realize that the baseline results of the Child and Family Services Reviews (CFSRs) revealed that we have many challenges to overcome to achieve positive outcomes for children and families. Having said that, states are focused on the goals of achieving safety, permanency and well being for all children in our care. Over the past several years, we have achieved noteworthy increases in the number of adoptions and family reunifications.

APHSA and states have had a long-standing interest in moving the child welfare system from one that is process-driven to one that is outcomes-focused with success measured by positive outcomes for children. States are committed to quality services for children and families and rise to the challenge of being accountable for achieving outcomes.

In order to continue on the path of improving outcomes for all children and to attain positive results, the child welfare system must have the necessary capacity to achieve those goals, i.e., sufficient and appropriate financial and service resources and well-trained staff with manageable workloads to implement appropriate and best practice interventions that will yield positive results for children and families.

Child Welfare Financing Reform Needed to Support the Achievement of Positive Outcomes

De-Linking

Over the past several years, the demands on the child welfare system have increased significantly. State administrators have focused their efforts and resources on implementing the requirements of the Adoption and Safe Families Act through the federal CFSR process and developing program improvement plans (PIPs) in partnership with the federal government to achieve improved outcomes for children with respect to safety, permanency and well being. At the same time, fewer and fewer children served in the child welfare system are supported with federal funds, due to the "look back" provision of the welfare reform act that links Title IV-E eligibility to the former AFDC eligibility rules in effect as of July 16, 1996. In

my own state of Utah, our Title IV-E penetration rate for foster care has dropped from 54% in FY 2002 to 49.8% today; our adoption subsidy penetration rate has fallen from 77% to 72% over that same two-year period.

The federal accountability measures under which states are reviewed and the subsequent PIP goals apply to every child in the child welfare system. However, federal financial participation for every child in the child welfare system does not currently exist. We commend the Chairman for proposing draft legislation that begins the dialogue on how best to reform federal child welfare financing. APHSA has consistently supported the idea of a full federal and state partnership for every child in the child welfare system.

Reduction in Federal Matching Rate to Expand Eligibility

The draft legislation proposes to reduce all state FMAP rates by 35% for foster care maintenance and by 15% for adoption assistance and allow all children to be covered under IV-E funding. Under this mandatory change, states would be dissimilarly affected. States that have worked hard to achieve a high IV-E penetration rate would be more negatively impacted by the adjustment in the federal match rate and may in fact face a situation of receiving less federal resources than under the current system. In light of the fiscal difficulties in the states, and the uncertainty related to the rising cost of child welfare, caseload dynamics and other factors, we urge the subcommittee to consider giving states the option to either retain current law or to opt into the new formula.

Guaranteed Foster Care Maintenance Payment Levels

The draft legislation would impose an annual cap on the amount of federal funds available for IV-E foster care maintenance payments based on Congressional Budget Office projections. We commend the Chairman for allowing the funding to increase over time and for allowing state reinvestment of any savings. However, we have several concerns. First, over the past few years, states have worked diligently to bring their foster care caseloads down. Locking in the low caseload numbers from these years as a baseline for assessing any savings would limit the amount of funds that would be available for reinvestment in the future. Second, we are concerned with the state baselines that would be derived from the national baseline. Due to the differences among states, we believe each state should have a baseline that reflects their projected annual rate of growth over time. It is also important to note that the projected national baseline in the draft legislation is reflective of the IV-E eligible population alone. When states merge IV-E and non IV-E caseload trends and expenditures, the baseline may be dramatically adjusted upward. Third, we applaud the recognition that IV-E funding ought to be used for services to children and families as well as for maintenance payments. The ability to use savings resulting from declining foster care caseloads is very positive. However, crises, such as the increase in the use of methamphetamine in several states, have resulted in an increase in caseloads. States that are contending with such factors may not be able to take advantage of reinvesting any savings from a reduction in caseload. Again, we recommend making the guaranteed payment level proposal a state option and not a mandate.

Safe Children, Strong Families Programs

While we believe there are ways to address the de-linking and guaranteed payment level provision of the draft legislation, we must strongly oppose the Safe Children, Strong Families provision that would cap federal funding for caseworkers and the training that supports their work. Caseworkers are the crucial link to the services children and families need. States must rely heavily on direct casework to achieve goals set forth within PIPs, consent decrees and state legislative requirements. Child welfare professionals courageously work in one of the most challenging professions in this country. The jobs performed by caseworkers have become more complicated as the challenges faced by families in the child welfare system have become increasingly complex. Child welfare systems throughout the country struggle to recruit, retain, and reward these dedicated professionals. Caseworkers face many barriers and constraints as they work to achieve safety, permanency and well being for children.

According to a presentation by Children's Bureau staff at the June 2004 Biennial Child Welfare conference, preliminary findings from the CFSRs indicate that strong correlations exist between caseworker visits with families and timely reunification, placement stability, services to protect children at home, relative placements, and meeting educational, mental health, and physical health needs.

Under this proposal, the base years used for calculating fixed administrative funding are problematic. Fiscal years 2001-2003 may be the lowest years for expenditures in some states due to state budget crises. In addition, states that provide training which is not currently IV-E reimbursable to caseworkers with private agencies that serve the same children, states that have added new caseworkers in 2004 and those that may add workers in subsequent years will not have the resources included in this block grant. In light of future staffing needs, training and salary increases over time, states would have to choose between fewer trained caseworkers or funding for critical services. Eliminating the federal financial partnership in the recruitment and training of quality workers would be a step in the wrong direction.

Subsidized Guardianship

We appreciate the inclusion of the H.R. 4 language to expand child welfare waiver options for states. However, it is unclear why a state would need a waiver under the Guaranteed Foster Care Maintenance Payment provision. In addition, we urge the Committee to allow states to use IV-E funds for subsidized guardianship; it provides for a stable and permanent placement for many of the children in the child welfare system. It is time to amend the IV-E statute to allow states to fund this option.

Achieving Program Improvement Plan Goals

States must be able to access flexible funding streams to provide the services that are the foundation of child welfare practice. APHSA and states have been considering a proposal to fund the services needed to improve outcomes for children and families.

Despite the federal government's renewed emphasis on accountability and program improvement through the CFSR process, IV-E funds cannot be used to achieve many of our mutually agreed-upon goals in our PIPs. It is not enough to know what goals need to be achieved to help children and families in the child welfare system; the resources must also be available. For example, my state, Utah, has identified several areas in our PIP where we are going to be held to expectations by HHS for which we will not be able to access Title IV-E funds. One of the primary areas for which a federal dollar cannot be expended to achieve Utah's PIP goals is child well being as it pertains to in-home services cases. Specific expectations include assessing and meeting needs through services to children, parents and foster parents; family involvement in case planning; worker visits to children and to parents; and providing services to meet the physical and mental health needs of children. Although Utah did well on other portions of the CFSR, we realize that other states are struggling to find resources on several indicators in the CFSR for which federal funds are not accessible. These indicators include the safety outcomes related to services to families to protect children in home and prevent removal and reduce risk of harm to the child as well as the systemic factors related to quality assurance, responsiveness to the community and foster and adoptive parent licensing, recruitment and retention.

The federal government requires the development of a PIP for the purpose of improving outcomes for all children in the foster care system and HHS must approve the contents of the state's PIP. Given the large federal role in developing the goals, APHSA proposes that states should be permitted to use IV-E funds for any purpose approved under the PIP. We could test over a period of time the extent to which these new investments improve performance under the CFSR. States would agree to continue to undertake evaluation based on the measures and methods specified in their PIP, as under current federal regulations. The research findings would be used to inform federal and state staff as to whether the IV-E dollars might be used to continue to fund certain initiatives under the PIP.

Reform of the Interstate Compact on the Placement of Children

The Interstate Compact on the Placement of Children plays a necessary role for ensuring that children placed across state lines receive appropriate care and supervision. However, it has not been sufficiently amended in its 44-year existence. APHSA, as the Secretariat of the Association of Administrators of the ICPC, and based on recommendations from its' ICPC reform task force, has embarked on a comprehensive reform of the ICPC. A drafting and development team comprised of a broad and diverse set of stakeholders representing state commissioners, state and local child welfare directors, ICPC

administrators, the American Academy of Adoption Attorneys, court administrators, the American Bar Association, Juvenile and Family Court Judges, National Indian Child Welfare Association, Child Welfare League of America, and the National CASA Association. We begin the work of redrafting the compact next week and will complete the process by the end of this year.

APHSA appreciates Majority Leader DeLay's commitment to the reform of ICPC. H.R. 4504 would impose a 60-day time limit on the completion of home studies and penalize states with the loss of all their IV-E funding if they fail to meet this deadline. While we understand the goal of reducing the length of time taken to complete a home study, we have no data to suggest that the 60-day time limit will expedite permanent placements. We are also concerned that there could be practice implications if a promising placement was ignored, simply because a caseworker did not believe that a home study could be completed in time. Therefore, we recommend revising the proposed legislation to have a reasonable cause exception for failure to meet the 60-day limit. If, for example, all of the component parts of the home study are complete, but the state has not yet received the FBI background check information, then the state could continue the home study beyond the 60-day and not face a state plan disallowance. Also, we recommend that ACF dedicate research funding to study the impact of the 60-day time limit and the other barriers that may impede timely interstate placements. Finally, given that the Compact is a direct agreement between states, we urge the inclusion of language that would restrict the Secretary from overriding individual state definitions of a home study through regulation.

Conclusion

When children are at risk and come to the attention of the child welfare agency, the agency can provide services and supports to them and their families to mitigate their problems and prevent them from being removed from their families and communities. When children must come into care, the agency can address children and family needs expeditiously and enable a safe reunification or, where that is not possible, find an alternative permanent placement expeditiously, while assuring their well being in the interim. The child welfare system has the capacity to improve outcomes for children and families and the federal government and states must be equal partners in serving all children in all parts of the system. The child welfare financing system, developed 24 years ago, no longer supports states' efforts to achieve this vision. We need reform and look forward to working with the subcommittee to devise a federal financing construct that can help states meet the needs of the most vulnerable children and families we serve.

Mr. Chairman, thank you for your leadership on this important issue and I would be pleased to respond to any questions you may have.