



**Senate Finance Committee
Innovations in Child Welfare Waivers:
Starting on the Pathway to Reform**

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**Written Testimony
William C. Bell, Ph.D.
President and CEO
Casey Family Programs**

Good morning Mr. Chairman, Senator Hatch and all the members of the Senate Finance Committee. Thank you for the invitation to join you today.

I am William C. Bell, president and CEO of Casey Family Programs, a national foundation committed to improving the lives of vulnerable children and families in America.

Casey Family Programs has been serving children in foster care for nearly 45 years, and we have come to believe that the goals of child welfare should be both to keep children who have been abused and neglected safe from further harm, and to prevent the need for foster care in the first place by strengthening vulnerable families and their communities.

Casey understands that it takes human and financial resources to be successful and so we have committed to spend \$1 billion of our own endowment over the next nine years to help protect and support our nation's most vulnerable children. But we are fully aware that Casey alone cannot resolve the challenges we face in this area across this country.

We know that in order for us to meet our goals of safely reducing the need for foster care in this country, we must partner with public and private agencies, communities, advocates, other private philanthropies and all branches of the federal government.

That is why we are so grateful that you have dedicated this time to discuss how federal policy can better meet the needs of vulnerable children and families, and the role of waivers to help improve outcomes for children in foster care and those at risk of entering foster care.

Chairman Baucus, Senator Grassley, Senator Rockefeller, Senator Cantwell, and other members of the Finance Committee, I am also very grateful for your long-term leadership on these issues.

The passage of the Fostering Connections to Success and Increasing Adoptions Act of 2008 was the most comprehensive reform of federal child welfare policy in nearly a decade and helped make important improvements to the quality and practice of child welfare. It also addressed inequities that existed in federal law for too long, granting Indian tribes direct access to the federal foster care and adoption program.

Chairman Baucus, I want to thank you in particular for being true to your commitment to our most vulnerable children and youth. In 2008, even as you took action to pass Fostering Connections, you acknowledged that the job of truly transforming the system to best meet their needs was still unfinished. You promised to continue working to finish the job, and I appreciate that you are a man who is true to his word. I believe that we are closer than ever to achieving real and meaningful transformation of the child welfare system, and the federal government is closer than ever before to moving that transformation from pockets of excellence to a movement of excellence in services and accountability across the country.

You can help move us ever closer to this transformation through the reinstatement of the waiver authority in Title IV-E of the Social Security Act.

This morning, I'd like to talk to you about two major issues: why we need to fundamentally transform how we approach the issues of child abuse and neglect in this country; and what Congress can do in both in the short and long term to help the nation better achieve these goals.

Namely, ensuring that federal funds are available to support a broad and effective array of services that:

1. Shorten lengths of stay.
2. Increase exits from foster care to safe permanent homes in a more timely manner.
3. And reduce entries into foster care by strengthening vulnerable families and mitigating the risk factors associated with abuse and neglect.

The reason we need real transformation in federal child welfare policy is that things have changed. We are not dealing with the same dynamics of financing in

the 1980's or even the 1990's. The paradigm has shifted. During the past few years, as we've worked within state, county and regional child welfare jurisdictions across the country, we have seen progress – progress evidenced by a rather impressive decline in the number of children in foster care, while maintaining child safety.

There has been a 17 percent reduction in the nation's foster care population – from just over 510,000 children in out-of-home care in FY2005 to about 423,000 in 2009, the most recent year for which data are available.

I believe that some of this good news is, in part, due to an increasing number of child welfare agencies working successfully with families upstream, identifying other safe alternatives for children besides foster care, and emphasizing prevention as an integral part of child welfare practice.

To continue this momentum and capitalize on progress already realized, we must consider changing our policies around child welfare financing – finance reform that funds and institutionalizes the kinds of innovative practices that produce the positive results and outcomes we desire.

Most of us probably will agree that our funding policy is not aligned with our desired outcomes. Although we agree that safe prevention and reduced reliance on foster care are indicators of the system working well and doing right by children, Title IV-E, the major federal funding source for foster care, primarily pays for maintaining eligible children in licensed foster care, rather than providing services for families before, during and after contact with the child welfare system.

The fact that Title IV-E funding cannot be used for prevention or post-reunification services has created a significant challenge to achieving better safety outcomes and finding permanent homes for children.

Many of us believe that comprehensive reform of child welfare funding is necessary. However, until comprehensive child welfare finance reform is developed and signed into law, Casey Family Programs supports the expanded use of waivers as an interim tool to allow child welfare systems to better use Title IV-E funds to broaden and improve their family support services and expedited permanency services – finding safe permanent homes for children in foster care and preventing the need for foster care in the first place.

The reauthorization and expansion of Title IV-E waivers is a critical stepping stone on the path to comprehensive child welfare finance reform. New waivers can and should be structured to evaluate new approaches to child welfare federal

finance reform that retain the IV-E entitlement while permitting reinvestment of IV-E savings resulting from reductions in the state or county foster care population. Those states experiencing declines in their foster care populations should have the flexibility to reinvest their savings not only in foster care, but also in a broader and more balanced suite of family and child support practices and services. New waivers also can be used to determine the costs of restructuring Title IV-E to cover these broader services without compromise to the principle of cost neutrality, which means not exceeding the amount Title IV-E funding would have been without the waiver. For additional information, Casey Family Programs has prepared two white papers on the topics of IV-E waivers and the need for comprehensive finance reform. They can be found on our Web site at www.casey.org.

In addition, in response to a request last Congress from the House Subcommittee of Human Resources, we have provided detailed recommendations for comprehensive finance reform. Our first recommendation to Congress was to align federal financing with desired outcomes. The current financing structure makes entry into foster care the trigger for federal reimbursement through the Title IV-E program. Any proposal that keeps this as the standard perpetuates the biggest challenge with the current law – the failure to align funding with desired outcomes. Casey Family Programs believes that a major restructuring of federal financing is necessary to support the outcomes desired – improved safety, prevention and early intervention with families where child safety is compromised and children are at risk of entry into foster care. We recommend limiting the use of foster care to only when necessary – and only for as long as it takes for reunification to occur safely or to find children another legally permanent home. Although it represents a major shift in policy, it can be structured in a way that controls for a growth in costs to the federal government.

We also recommend that we expand the use of Title IV-E funds to prevention and permanency services. A trigger for federal funds should be a finding that “services are needed,” rather than a finding of maltreatment and referral to foster care. This new trigger is based on the Medicaid model that reimburses the state for “medically necessary” services. This type of trigger would target children when child safety is compromised, when children are at risk of future abuse and neglect, and when they are most at risk of entry into foster care – without compromising safety.

The third recommendation was to assess future safety risks. Substantiation is often not a predictor of future risk. There are effective safety and risk assessment tools that states can use to determine more accurately a child’s safety and risk of ongoing abuse and neglect. State plan requirements should be amended to require that states describe how such tools will be used to determine whether a

family is in need of services to address the child's current safety and risk of ongoing abuse and neglect. This would require that the family come to the attention of the child welfare system, that an investigation be conducted and that the investigator determines that services are needed. All children who currently receive state or federally funded child welfare services, including families that currently receive services through the effective intervention strategy of "alternative response systems," as well as all children with substantiated cases of maltreatment and are in need of services, would be covered under this new definition.

Casey also recommended that Congress fund front-end services. Funding should cover not just foster care, but also pay for services for families identified as "needing services." Funded front-end services could be limited to a set of core services that address the needs of children with compromised safety and those at risk of entering the child welfare system. It could include but is not limited to:

- Follow-up investigations.
- In-home services.
- Case management.
- Post-permanency services.
- Other services that are not funded through existing funding streams, in which case Title IV-E would have to be the payer of last resort.
- Services currently allowed under the IV-E program, including foster care.

Our final recommendation for finance reform focused on reduced funding for less desirable outcomes. Casey Family Programs is recommending that the federal contribution diminish over time for less desirable outcomes.

The potential of Title IV-E waivers to spur system reform has been demonstrated in a few strikingly successful examples. In 1994, Congress authorized the Secretary of Health and Human Services to approve waivers to Title IV-E rules for the purpose of funding demonstration projects in state or county child welfare systems. Title IV-E waivers are key elements of child welfare reforms in Florida and in Alameda and Los Angeles counties in California.

These jurisdictions have developed innovative reform strategies. Title IV-E waivers have given them the flexibility to fundamentally alter the character of their service delivery systems and build on reform efforts previously underway to achieve a better balance between up-front family support services and foster care services. Foster care remains an important part of these agencies' service

programs, but it no longer is considered to be the only solution available to children and families.

Casey Family Programs is optimistic about what lies ahead for our nation's most vulnerable children and families. We have a tremendous opportunity to greatly enhance states' ability to continue their amazing progress by partnering with them to invest in increased services and an expanded service population. We are encouraged by your attention and support of this issue because it will take all of us doing our part in concert with one another to bring about the change we envision and know is necessary.

Thank you again for the opportunity to share these remarks with you, and, above all, thank you for your commitment to the well-being of children and families.