

September 15, 1996

To: Carol Rasco
From: Lyn Hogan
Re: Next Steps On Child Welfare

Attached are two documents on child welfare reform Jeremy and I drafted and shared with Jen Klein. The top document is an outline that presents what we think are the six key challenges to reforming the child welfare system. The second document is a more detailed analysis of the problems and potential solutions as they've been presented in our chat sessions and in the foundation meeting the First Lady held.

Following are a few thoughts about how we might move the process forward, using the attached documents as a starting point. We look forward to your comments.

- We might begin to run the attached documents by the participants in our remaining chat sessions for a sense of whether or not we are on the right track.
- We might flesh out each of the problem areas and solutions in individual three or four-page policy memos. As memos are completed, we might begin to run them by the experts for their comments.
- We might use versions of the accompanying attachments as a spring board for appointing a blue ribbon commission to develop a legislative proposal and build consensus around the outline and its principles.
- Once the chat sessions end, we might simply use versions of the accompanying attachments as a springboard for creating your legislative agenda for the following term.

These are just a few ideas to move the process forward. Please let us know what you think and how you would like to proceed.

cc: Jeremy Ben-Ami
Elizabeth Drye

POTENTIAL CHILD WELFARE REFORM PRINCIPLES

Establish a New Goal for Child Welfare: Permanency

Challenge: The system's present focus on family preservation/reunification leads too many children to remain in foster care even though reunification may be neither appropriate nor possible.

Principle #1: Rapid, appropriate placement in permanent healthy and safe arrangements should be a central goal of child welfare. Options for permanency should include: family preservation/ reunification; alternative guardianship with a focus on kinship care; termination of parental rights followed by adoption.

Improve the Court Process

Challenge: The judicial system is not adequately equipped or organized to deal with the flow of foster care and adoption cases, although model systems do exist in places like Grand Rapids, Mi. and Cincinnati.

Principle #2: True reform requires a systematic look at court practices around the country, and development of a consensus on court improvements, and court evaluation.

Restructure Federal Funding of the Child Welfare System

Challenge: Current funding structures create the wrong incentives and result in misdirected funds, for example, rewarding foster care over adoption.

Principle #3: Financial incentives should encourage rapid movement to permanent placement rather than lengthy stay in foster care. Other financing strategies including the appropriate application of managed care principles should also be explored.

Create New Options For Permanency

Challenge: Inflexible guardianship laws offer few options for permanency beyond foster care or adoption, though some states are exploring creative new arrangements.

Principle #4: We need new guardianship laws that provide alternatives to foster care and adoption such as joint guardianship; standby guardianship; subsidized guardianship; or shared custody.

Remove Barriers to Adoption

Challenge: Barriers to adoption are leaving adoptable children in foster care too long and driving adoptive parents away.

Principle #5: Reform should include a comprehensive evaluation of the adoption process and ways to encourage and ease adoption in appropriate cases.

Improve and Expand Prevention Efforts

Challenge: The child welfare system continues to spend too much on addressing abuse once it occurs rather than on prevention before it occurs.

Principle #6: A reformed child welfare system must support coordinated, community-based prevention efforts. Changes in the structure of funding incentives may help encourage prevention, and coordination and simplification of federal support for community based efforts in other disciplines must be part of the reform agenda.

The State of the Child Welfare System

Since 1976, reports of child abuse have risen fourfold. Now, over 3 million child abuse cases are reported annually, with roughly one million cases confirmed. About 1,300 of those cases end with a child's death. Further, about half-a-million children are in foster care on any given day, a number that is also growing rapidly. And of those children free for adoption, XXX remain in limbo, hoping for adoptive parents.

This country's child welfare system is failing the children it is designed to serve. The system has been in a downward spiral for more than a decade and there are few indications it will improve.

To date, there have been two major responses to the system's failure: the family preservation movement and the court takeover of state systems.

First, in the 1980s into the 1990s, academics and practitioners alike forced a paradigm shift by stressing family preservation and reunification as an answer to an increasingly failing child welfare system. The family preservation movement has produced results and remains an important contribution to social policy. However, family preservation offers only a treatment model when more is needed. Family preservation does not work for those whom no amount of family preservation will help.

Second, in response to the continually worsening system, the courts began to intervene. Currently, there are pending class action suits or judicial consent decrees in XXX states.

Litigation has forced states to think about aggressive and creative system reforms and to act on those ideas. But the approach and results have been unsystematic. Consent decrees are structured to satisfy the judge. A state must meet the letter of the law for every provision in a consent decree. Instead of promoting system change, consent decrees are creating compliance mechanisms that stifle meaningful change. There is no collective definition of problems and solutions for states to follow, so there has been only a piecemeal approach to reform to date.

Some small states are making progress: Vermont, North Dakota, Delaware, and Idaho have interesting reforms underway. Michigan is also progressing with its Families First program. However, most states are struggling to address the problems and don't know where to begin.

To truly reform the country's child welfare system, we need a vision, a broad framework for change, and a roadmap for getting there. But to be successful, we need to target all areas for reform and move ahead on several paths at the same time.

The following document outlines critical problem areas in the child welfare system and starting points for reform.

- **Issue 1: No consensus on goals of the child welfare system.** There is no accepted definition of what a good child welfare system should look like or what its end goals should be.

Solution: We need to create a tight national definition of the mission of the child welfare system. Once that mission is drawn up, we must require states to adhere to it.

- **Issue 2: An inadequate definition of "reasonable efforts."** P.L. 96-272 requires that reasonable efforts be taken to prevent placement of a child in foster care and make it possible for that child to eventually return home. Determining reasonable efforts is left up to the states and varies substantially from state to state. The result is often a singular focus on family preservation/reunification, even in cases where it is not appropriate or possible. In turn, lengths of stay in foster care are unnecessarily extended.

Solution: Make permanency planning the goal of reasonable efforts. Within permanency should be three options: family preservation/reunification; alternative guardianship with a focus on kinship care; and termination of parental rights followed by adoption.

- **Issue 3: No nationally accepted measures of success.** Despite a decades-old child welfare system, there exist no defined, agreed upon measures of success. Measures of success should be driven by the system goal(s).

Solution: We need a federal definition of the broad goals of the child welfare system and a consensus on definitive measures of those goals.

- **Issue 4: A judicial system not adequately equipped or organized to deal with flow of foster care and adoption cases.**

Solution: We need a systematic look at court practices around the country, a consensus on court improvements, and court evaluation. Court reform might include reduced caseloads for judges, community-based caseloads so the same judge sees a case through, child welfare-specific training for judges, and a reorganization of court operations. Good working models include Grand Rapids, MI court and the Cincinnati court. The federal government has made grants for

court improvement. Feds could increase the number of federal grants for court improvement.

- **Issue 5: Rising caseloads at the same time dollars are shrinking.**

Solution: In a political climate where new funds are difficult if not impossible to come by, we need to seriously review the feasibility of applying managed care to the child welfare system. Forty-one states are currently considering forms of managed care for child welfare, but few have moved forward and there are no federal guidelines or suggestions for doing so. Instead of comprehensive managed care, we might consider independent management changes such as encouraging public/private partnerships; introducing performance-based contracts for the private sector; or pinpointing creative ways to use title IV-E funds.

- **Issue 6: Incongruent system goals and misdirected funds driven by the structure of titles IV-E and IV-B.** For example, there is a reverse incentive funding structure that rewards foster care over adoption. Also, dollars often flow to populations and programs that don't need them while other populations and programs remain underfunded.

Solution: Once an overall vision, goals, and outcome measures are set, we need to review and reshape the funding structures of title IV-E and IV-B. We might shift financial incentives so adoption is rewarded over foster care. We might also target funds to localities with the highest rates of poverty and largest foster care rolls.

- **Issue 7: Not enough good data to accurately evaluate the system.** We have point in time data (a snapshot of a typical day), but no full year data to let us know what the problems are and how to fix the system

Solution: We need more and better data collection and evaluation; we need demonstration programs with evaluations, starting with the HHS child welfare waivers; we need to escalate/encourage creative waivers; and we need a clearinghouse for child welfare information.

- **Issue 8: Inflexible guardianship laws that offer few options other than foster care or adoption.**

Solution: We need new guardianship laws that provide alternatives to foster care and adoption; e.g. temporary adoption, kinship care, joint guardianship; standby guardianship; subsidized guardianship; shared custody.

- **Issue 9: Barriers to adoption that frequently leave adoptable children in foster care.**

Solution: Jen--please add info. here if you have it.
Foster parenting should be viewed as a pre-adoption phase, rather than an end in itself.

- **Issue 10: No supports for families once they adopt.**

Solution: For a period of time after a family adopts, the child welfare system should continue to offer supports to that family and the adopted child or children. This is a particularly poignant problem for grandparents who adopt their grandchildren.

- **Issue 11: Failure to address prevention of abuse and neglect before the abuse occurs.**

Solution: Community-based efforts can best address stressors in a family that might cause abuse or neglect. A coordinated, community-based effort can target problems and help families before they are overcome by a crisis. This might mean re-evaluating where family preservation funds flow and reallocating them to early intervention.

- **Issue 12: Lack of professionalism in the child welfare field.**

Solution: We need to institute national standards for social workers; need to create incentives for training and professionalism; and need an accreditation and certification process for the profession.

- **Issue 13: Insufficient public education on child welfare issues.** Public attention is drawn to child welfare issues primarily when a child dies. Communities need to become more knowledgeable about child welfare issues so they can help solve the problems.

Solution: We can pursue an aggressive campaign to educate the public about child welfare issues.

- **Issue 14: Failure of transition to independence programs for children who age out of the foster care system.** Once foster children turn 18 they "age-out" of the system and are transitioned into independent or adult living. Federal funds for independent living are available, but funds are insufficient and programs inadequate. Often foster kids

transitioning into independent living end up on welfare and/or homeless.

Solution: A system shift to permanency planning should reduce the number of children who age-out of the system. However, for those who do age-out, new and better support for independent living must be available.

To: Carol Rasco cc: Elizabeth Drye
 Jeremy Ben-Ami

From: Lyn Hogan

Date: July 5, 1996

Re: July 8 Child Welfare Meeting With HHS

Attached as promised is a copy of my initial memo on child welfare programs. I hope you find it helpful. Please let me know if it is too detailed, not detailed enough, and/or additional information you'd like included.

Also attached is brief summary of the pending child welfare waivers.

IV-B Basic State gr. f
IV-E - (categories & spending)

Memorandum

Federal Child Welfare Programs and Current Program Authorizations and Appropriations

To: Carol Rasco cc: Elizabeth Drye
Jeremy Ben-Ami

From: Lyn Hogan

Date: July 5, 1996

Summary

This memo includes background information on child welfare services, a breakdown of child welfare programs under the Social Security Act, a breakdown of non-Social Security child welfare programs, an update on pending legislation, and the legislative history of child welfare programs. This memo does not include child welfare programs run by agencies outside of HHS or DOJ, nor does it include a review of child welfare system problems, reforms, or recommendations. However, I will cover these issues in subsequent memos.

Background

Child welfare services focus on improving the conditions of children and their families and on improving or providing substitutes for functions the parents have difficulty performing. Many private, nonprofit and government entities work to provide a range of child welfare services to families and children in need. However, the primary government responsibility for child welfare services rests with the states. Each state has its own legal and administrative structures and programs, and there are many differences among the states.

The Federal government has also been involved in improving the welfare of children in areas of national concern since the 1900s. Numerous Federal programs provide support for child welfare services, the largest of which fall 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 foster care, independent living, and adoption assistance programs. Titles IV-B and IV-E are intended to operate together to prevent the need for out-of-home placements, and, when that is not possible, to offer support services and permanent placements. Funds for these programs include both non-entitlement authorizations and authorized entitlements.

Additionally, funding is provided under foster care to assist states with the maintenance costs of AFDC children in foster care. Child welfare program funding is also available to states through the title XX social services block grant program, which allows states to provide services relating to child welfare at their discretion.

close to
The federal government spends ~~approximately~~ \$4 billion annually in FY 1995 to subsidize foster care, some adoptions, and, to a smaller extent, child protection programs. CBO breaks down FY 1995 spending to \$3.28 billion for foster care and adoption assistance (state claims for IV-E Foster Care represent the bulk at around \$2.9 billion while title IV-E Adoption Assistance state claims were only around \$378 million); \$295 million for child welfare, and \$150 million for Family Preservation.

There are about half-a-million children in foster care on any given day. As of 1993, reports of possible child abuses had risen to almost 3 million a year, of which roughly 1 million abuse and neglect cases were confirmed. About 1,300 of those cases ended in a child's death. (National Committee to Prevent Child Abuse; HHS.) The number of reported cases of child abuse and neglect have more than quadrupled since 1976 (Ways and Means Greenbook, 1994).

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given
Child welfare encompasses a variety of services including child protection, care of the homeless and neglected, child social and nutritional development, and children in out-of-home care. Services provided may be supportive, supplementary, or substitutive.

The current school of thought in the child welfare world says that it is in the best interests of children to live with their families. Most child welfare programs are designed around family preservation and family reunification. PL 96-272 requires that reasonable efforts be taken to prevent placement of a child in foster care, prevent the need for foster care, and make it possible for that child to eventually return home. Determining reasonable efforts is left up to the states and varies substantially from state to state. To receive title IV-E funding, a State plan must include these provisions.

Child Welfare Programs Under the Social Security Act

Child Welfare Services (Title IV-B, Subpart 1): Permanently authorizes grants to states for child welfare services. States have wide discretion in designing programs, but must provide certain protection for all foster children as a condition of funding. The federal matching rate is 75 percent and state allocations are based on per capita income and population age 21 and under. This program is not an entitlement, but is subject to the discretionary appropriations process. FY 1996 funding: \$277

million. FY 1997 Administration request: \$292 million.

Family Preservation and Family Support (Title IV-B, Subpart 2): Authorizes grants to states for family preservation and family support services through FY 1998. The program is a capped entitlement to states. The ceiling began at \$60 million in FY 1994 and is scheduled to increase to \$255 million in FY 1998. (Beginning in FY 1995, a certain percentage of funds are reserved for grants to state courts to assess and improve their child welfare proceedings.) The federal matching rate is 75 percent, and state allocations are based on the number of children receiving food stamps. FY 1996 funding: \$225 million. FY 1997 Administrative request: \$240 million.

Foster Care (Title IV-E): Federal matching funds are permanently authorized and provided to states on an open-ended entitlement basis for costs of maintaining children in foster care, whose biological families are eligible for AFDC, and for related administrative, child placement, and training costs. States are required to provide foster care maintenance payments to AFDC-eligible children removed from the home if a child received, or would have been eligible for AFDC prior to removal from the home. (Children in the foster care AFDC program are eligible for Medicaid.) The federal matching rate for title IV-E foster care is the state's Medicaid matching rate, which varies according to state per capita income. Foster care may be provided in homes or institutions and must meet certain requirements. Eligible administrative and child placement costs are matched at 50 percent, and the federal match rate for training is 75 percent. FY 1996 funding: \$3.7 billion; FY 1997 Administration request: \$3.8 billion.

Adoption Assistance (Title IV-E): Authorizes federal matching funds on a permanent basis to states to provide adoption assistance to parents who adopt children with special needs and are eligible for SSI or AFDC. Federal matching is available on an open-ended entitlement basis for adoption assistance and for related administrative, child placement, and training costs. Matching rates are the same as under foster care. FY 1996 funding: \$510 million; FY 1997 Administration request: \$568 million.

Independent Living (Title IV-E): Authorizes grants to states for services to older foster children to help them make the transition to life on their own. The program is permanently authorized as a capped entitlement to states. State allocations are based on each state's share of title IV-E foster children in FY 1994, and states must provide a 50 percent match for their share of the first \$45 million in federal appropriations. FY 1996 funding: \$70 million; 1997 Administration request, \$70 million.

Title XX: This is an authorized entitlement of which 100 percent is federally funded, with a ceiling. At their discretion, States may provide services relating to child welfare using title XX funds. Detailed data on child welfare services spending by states is not available. Funds available to states from title XX may be used for services to families and children without regard to their eligibility for AFDC.

Non-Social Security Act Child Welfare Programs

Abandoned Infants Assistance Act: Authorizes discretionary grants to states for activities related to babies who have been abandoned by their biological families, particularly infants with AIDS. FY 1996 funding: \$12 million; FY 1997 Administration request: \$14 million.

Adoption Opportunities Act: Authorizes discretionary funding for a range of adoption activities facilitating the adoption of special needs children and providing post-legal adoption services. FY 1996 funding \$12 million; FY 1997 Administration request: to consolidate this program with child welfare research and training, and CAPTA discretionary activities to form a new Child Welfare Innovation Program to be funded at the programs' combined FY 1995 funding level: \$39 million.

Child Abuse Prevention and Treatment Act (CAPTA) state grants: Authorizes grants to help states improve their child protective service systems. As a condition of funding, requires states to establish mandatory child abuse and neglect reporting systems, FY 1996 funding: \$21 million; FY 1997 Administration request: \$23 million

Community-Based Family Resource Centers: Grants for community-based family resource centers are authorized under CAPTA. FY 1996 funding: \$23 million; FY 1997 Administration request: \$50 million for consolidation of community-based family resource center grants, temporary child care and crisis nurseries, and family support centers authorized under the Stewart McKinney Homeless Assistance Act.

Child Abuse Prevention and Treatment Act discretionary grants:

Authorizes research and demonstration activities. FY 1996 funding: \$14 million; FY 1997 Administration request, that this program be consolidated with adoption opportunities and child welfare research and training to form a new Child Welfare Innovative Program to be funded at the programs' combined funding levels in FY 1995 (\$39 million).

Temporary Child Care for Children with Disabilities and Crisis Nurseries Act: Authorizes state demonstration grants for temporary nonmedical child care for children with special needs to alleviate stress among children and their families; and crisis nurseries to provide short-term care for abused and neglected children or those at risk of abuse. *FY 1996 funding: \$10 million; FY 1997 Administration request, included in funding requested for consolidation of community-based family resource center grants, temporary child care and crisis nurseries, and family support centers, discussed above.*

Title V of the Juvenile Justice Delinquency Prevention Act: Sends money to states, with few restrictions, for use in juvenile delinquency prevention. The money may be used for Family Preservation. The money is subgranted out at the local level. Most of the dollars are currently used for traditional prevention programs such as after school programs. *FY 1996 funding: \$20 million, of which \$19 million goes out to the states; FY 1997 Administration Request: \$20 million.* DOJ Office of Juvenile Justice and Delinquency Prevention and the HHS Administration on Children, Youth and Families have been exploring ways to coordinate their own programs and help states and local communities build a continuum of services aimed at prevention and early intervention.

Non-Welfare Reform Pending Child Welfare Legislation, 104th Congress

H.R. 3286 (Molinari): The Adoption Promotion and Stability Act of 1996. Offers up to a \$5,000 tax credit for adoption expenses incurred during the year that the adoption is formalized. Only families who make less than \$75,000 annually are eligible for the full \$5,000 tax credit. Also removes barriers to inter-ethnic adoption. The Administration issued a SAP on May 9, 1996 strongly supporting HR 3286, without the inclusion of Title III (Title III--would allow state courts to pre-empt tribal governments in decisions regarding the custody of Indian children.) Introduced May 1996, referred to Finance Committee.

H.R. 586 (Maloney): Omnibus Foster Care Improvement Act. Amends Title IV-E, introduced January 19, 1995, referred to Ways and Means.

H.R. 709 (Maloney): Standby Guardianship Act. Amends Title IV-E to allow chronically ill or dying parents to name a standby guardian for minor children without relinquishing parental rights. Introduced January 26, 1995, referred to Ways and Means.

H.R. 1044 (Fawell): At-Birth Abandoned Baby Act, amends title IV-E to prevent abandoned infants from experiencing prolonged foster care. Introduced February 24, 1995, referred to House Ways and Means.

H.R. 1263 (Payne): Abandoned and Medically Fragile Infants Assistance Act, introduced March 16, 1995, referred to House Economics and Educational Opportunities Committee.

S. 1201(Coats), similar bill introduced in House, H.R. 2387 (Wyden): Kinship Care Act of 1995. Amends Title IV-E to promote kinship care, and to authorize kinship care demonstrations. Introduced September 21, referred to House Ways and Means Committee.

S 919, (Coats): Child Abuse Prevention and Treatment Act Amendments (CAPTA): Reauthorizes CAPTA and related programs through FY 2000, included in HR 4 on August 11, 1995, passed Senate September 19, 1995, vetoed by President.

S. 637 (McCain): Adoption Anti-Discrimination Act, introduced march 28, 1995, referred to Senate Finance Committee.

Legislative History of Child Welfare Programs

Federal assistance for foster care first became available in 1961 under what was then called ADC (later renamed AFDC) under title IV-A of the Social Security Act.

The Adoption Assistance and Child Welfare Act of 1980 and Amendments to It (Public Law 96-272)

In 1980, title IV-A of the Social Security Act was amended by Public Law 96-272. This legislation continued foster care funding but transferred it to title IV-E. This law also changed child welfare services under IV-B by creating linkages between the two programs. AFDC foster care remained an entitlement, but funding was made contingent on title IV-B.

Also, under title IV-E, a new Federal matching grant program for payments to parents who adopt special needs children was established and *permanently* authorized. Funding for adoption assistance is on an open-ended entitlement basis.

Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1985, Amendments to Child Welfare Programs (PL 99-272)

In the 99th Congress, COBRA established a new entitlement program--the independent living program--under title IV-E to help states facilitate the transition of children age 16 and older from AFDC foster care to independent living.

PL 100-647, Extension of COBRA Changes

In the 100th Congress, legislation was enacted to expand the independent living program for children 16 and older who are in any foster care situation, and to provide services for such

children for six months after foster care or foster care payments end.

Tax Reform Act of 1986 (PL 99-514)

Also in the 99th Congress under the Tax Reform Act, the adoption assistance program under title IV-E was amended to provide Federal matching funds for the one-time adoption expenses of children with special needs, whether or not the children are eligible for AFDC or SSI.

Omnibus Reconciliation Act of 1989 (PL 101-239), 1990 (PL 101-508) and 1993 (PL 103-66)

During the first session of the 101st Congress authorization levels for title IV-B were increased from \$266 million to \$325 million; and extended the independent living program through 1992, increasing the entitlement ceiling from \$45 to \$50 million in FY 90 to \$60 for FY '91 and \$70 million for '92, and establish a state match beginning FY '91.

During the second session of the 101st Congress states were required to distinguish between administrative costs and child placement costs (which previously had been counted as administrative costs).

During the 103rd Congress new legislation created a capped entitlement under 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 was designed to buttress the goals of Federal child welfare programs of strengthening family life for children, and ensuring more children in the child welfare system have a stable, permanent home on a timely basis. The legislation also includes a set-aside for grants to State courts for assessments and improvements of judicial child welfare proceedings. This new law also authorized a three-year enhanced match to States for planning, designing, developing or installing child welfare data collection systems. The legislation permanently authorizes the independent living program and authorizes a 75 percent matching rate for certain State training expenses.

To: Carol Rasco cc: Elizabeth Drye
 Jeremy Ben-Ami

From: Lyn Hogan

Date: July 5, 1996

Re: Brief Summary of Pending Child Welfare Waivers

Though we went over these in our earlier meeting, I thought it might be useful to review them once more before Monday's meeting.

The child welfare waivers were authorized by Congress at the end of 1994. Congress created a new special waiver authority (section 1130) for HHS to award up to 10 states to conduct cost-neutral demonstrations, with waivers of IV-B and IV-E allowed.

As you remember, after HHS issued state guidelines, 14 states applied. Minnesota since dropped out. States that have applied include: Oregon, Delaware, DC, North Carolina, Georgia, Ohio, New York, Indiana, Illinois, California, Michigan, West Virginia, and Maryland. Delaware has been approved. Two to four may be approved in the coming months. HHS does not have to give all ten waivers.

The most common suggestions propose shifting dollars from foster care to family preservation. Other interesting proposals are:

- . Delaware proposed and received a waiver and Illinois proposed but has not yet received a waiver for "subsidized guardianship," a new status of guardianship where there is no hope of family unification and the foster parents want the relationship to be permanent, but don't want to adopt.
- . New York and Ohio have proposed managed care with capitated payments for foster care rather than daily maintenance payments, to encourage agencies to move quickly to resolve the child's situation. Critics of this approach say this may rush agencies to push out children they might not have otherwise. New York proposes cutting payments at the same time, and HHS does not like that. However, HHS finds Ohio's proposal very promising.
- . Michigan and California proposed block grants. California wants to sub-block down to the counties. HHS, as you know, is not crazy about block grants.

THE WHITE HOUSE
WASHINGTON

To: Pauline Abernathy
Ken Apfel
Nicole Rabner
Bruce Reed
Melanne Verveer

From: Lyn Hogan

Date: November 11, 1996

Re: Background Material For Child Welfare Meeting

Attached please find background material for the Thursday, November 14 child welfare meeting scheduled for 9 a.m. in Carol Rasco's office.

On Oct. 31 the DPC completed a series of seven small two hour child welfare discussion sessions that took place over the past four months. We talked with a total of 35 child welfare experts from around the country for a total of 14 hours of discussion. In addition, in October we visited the National Council of Juvenile and Family Court Judges in Reno, NV during the Fall training session, sitting in on classes and meeting with faculty and participants; participated in the child welfare reform project run by Cross-National Studies Research Program of the Columbia University School of Social Work; and toured innovative child welfare programs in Los Angeles county.

We would now like to begin working to propose steps for reform in the child welfare system. We would like to use this meeting to discuss with you what we have learned over the past four months and how we might proceed from here.

The following attachments consist of a brief overview of the state of the child welfare system, the five key reform challenges we face, and a more detailed outline of the problems and solutions we might consider.

I request that at this time we not distribute these materials beyond those of us listed here.

cc: Carol Rasco
Jeremy Ben-Ami
Elizabeth Drye

Since 1976, reports of child abuse and neglect have risen fourfold. Now, over 3 million child abuse and neglect cases are reported annually, with roughly one million cases confirmed. About 1,300 of those cases end with a child's death. About half-a-million children are in foster care on any given day, a number that is growing rapidly.

This country's child welfare system is failing the children it is designed to serve. The system has been in a downward spiral for more than a decade and there are few indications it will improve without intervention.

To date, there have been two major responses to the system's failure: the family preservation movement and the court takeover of state systems. While both have certainly been positive steps forward, these interventions offer only a partial approach.

First, in the 1980s into the 1990s, academics and practitioners alike forced a paradigm shift by stressing family preservation and reunification as an answer to the failing child welfare system. The family preservation movement has produced results and remains a key ingredient of child welfare reform. However, family preservation offers only a treatment model when more is needed. Family preservation does not work for those for whom no amount of family preservation will help.

Second, in response to the continually worsening system, the courts began to intervene. Currently, there are over 35 child welfare jurisdictions operating under court order, and many more pending class action suits.

Litigation has forced states to think about aggressive and creative system reforms and to act on those ideas. But the approach and results have been unsystematic. Consent decrees are structured to satisfy the judge. A state must meet *the letter of the law* for every provision in a consent decree. Instead of promoting system change, consent decrees are creating compliance mechanisms that stifle meaningful change. There is no collective definition of problems and solutions for states to follow, so there has been only a piecemeal approach to reform to date.

Further, and equally important, long-term, multi-placement foster care stays are the precursor to a host of social problems. Children who remain in foster care long-term are more likely than the non-foster care population of becoming unwed parents, ending up on welfare, becoming substance abusers, committing violent acts, and becoming abusers themselves.

Several states are moving forward with some reforms, the most popular of which are subsidized guardianship/kinship care, forms of managed care or capitated payments, and community-based casework. However, during the 14 hours of discussions we have held with child welfare experts across the country, we heard time and time again that a) there is a desperate need for Federal guidance (not regulation) and leadership on child welfare reform, and b) child welfare reform cannot move forward one piece at a time, but rather requires a comprehensive approach.

Following is an outline of what such an approach might look like as well as a brief description of the key problem areas.

2011-1010-S

**DETERMINED TO BE AN
ADMINISTRATIVE MARKING**INITIALS: MA DATE: 10-13-11

Establish a New Federal Goal for Child Welfare: Permanency

Challenge: The system's present focus on family preservation/reunification leads too many children to remain in foster care even though reunification may be neither appropriate nor possible.

Approach: Rapid, appropriate placement in permanent healthy and safe arrangements should be a central goal of child welfare. To reach this goal we must support and encourage at the Federal level alternative permanency arrangements. Options for permanency might include: family preservation/reunification; various forms of subsidized guardianship with a focus on kinship care; quicker termination of parental rights when reunification is not possible followed by adoption.

Improve the Court Process Through Federal Leadership

Challenge: The judicial system is not adequately equipped or organized to deal with the flow of foster care and adoption cases, although model systems do exist in places like Grand Rapids, MI and Cincinnati.

Approach: The Federal government should undertake a systematic look at court practices around the country, develop a consensus on court improvements, and court evaluation, and offer states technical assistance to implement the improvement.

Restructure Federal Funding of the Child Welfare System

Challenge: Current funding structures create the wrong incentives, for example rewarding foster care over adoption, and result in wasted money and misdirected funds.

Approach: Financial incentives should encourage rapid movement to permanent placement rather than lengthy stays in foster care. Other financing strategies including the appropriate application of managed care principles should also be explored.

Improve and Expand Federally Funded Prevention Efforts

Challenge: The child welfare system continues to disproportionately spend dollars addressing abuse once it occurs, rather than on preventing the initial abuse.

Approach: A reformed child welfare system must support coordinated, community-based prevention efforts. Changes in the structure of funding incentives may help encourage prevention. Coordination and simplification of federal support for community based efforts in other disciplines should be part of the reform agenda. Improved and expanded data collection is also necessary.

Challenge: Barriers to adoption are leaving adoptable children in foster care too long and driving adoptive parents away.

Approach: The First Lady is working to encourage and ease adoption.

2011-1010-5

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Critical Problem Areas in the Child Welfare System and Starting Points for Reform

- **Issue 1: *No consensus on goals of the child welfare system or measurements of success.*** There is no generally accepted definition of what a good child welfare system should look like, what its end goals should be, or how to measure those goals.

Solution: Create a national definition of the mission of the child welfare system, a Federal definition of the broad goals states should target, and a consensus on how to measure success.

- **Issue 2: *An inadequate definition of "reasonable efforts."*** P.L. 96-272 requires that reasonable efforts be taken to prevent placement of a child in foster care, or make it possible for that child to eventually return home. Determining reasonable efforts is left up to the states and varies substantially from state to state, creating incongruent approaches to treating abuse and neglect of the country's children. The result is often a singular focus on family preservation/reunification, even in cases where it is not appropriate or possible. In turn, lengths of stay in foster care are unnecessarily extended.

Solution: Create a tight national definition of reasonable efforts that expands beyond family preservation to include other permanency options such as forms of subsidized guardianship and subsidized kinship care. Ensure that states are congruous in their application of reasonable efforts.

- **Issue 3: *A judicial system not adequately equipped or organized to deal with flow of foster care and adoption cases.***

Solution: The Federal government should undertake a systematic look at court practices around the country, come to a consensus on court improvements, and use the bully pulpit, as well as offer technical assistance, to encourage states to adapt such improvements. Court reform might include reduced caseloads and organizational changes for judges (for example, a Judge today may have only approximately 15 minutes for an abuse or neglect case but over an hour for an uncontested custody case in a divorce proceeding); community-based caseloads to encourage same judge/same case approach; increased child welfare-specific training for judges and related professionals, and/or, a reorganization of court operations requiring all states to create separate family courts to address foster care, adoption, custody, and abuse and neglect cases. Good working models include Grand Rapids, MI court and the Cincinnati court. The Federal government has made small grants for court improvement and is reviewing this issue.

- **Issue 4: *Wasted money, incongruent system goals, and misdirected funds driven by the structure of titles IV-E and IV-B.***

Solution: Once an overall vision, goals, and outcome measures are set, we should review and reshape the funding structures of title IV-E and IV-B. We might shift financial incentives so adoption is rewarded over foster care. We might make title IV-E money more flexible. We might target funds to localities with the highest rates of poverty and largest foster care rolls. We should also review the feasibility of applying managed care to the child welfare system. Forty-one states are currently considering forms of managed care for child welfare, but few have moved forward and there are no federal guidelines or suggestions for doing so. Instead of comprehensive managed care, we might consider independent management changes such as encouraging public/private partnerships; introducing performance-based contracts for the private sector; or targeting creative ways to use title IV-E funds.

- **Issue 5: *Failure to address prevention of abuse and neglect before the abuse occurs.***

Solution: A coordinated, community-based effort can target problems and help families before they are overcome by a crisis. This might mean re-evaluating where family preservation funds flow and reallocating them to early intervention. HHS is currently reviewing the family preservation program.

- **Issue 6: *Lack of professionalism in the child welfare field.***

Solution: Institute Federal standards for social workers (right now 21 year olds with a B.A. in history and one week of training are making life and death decisions); create incentives for training and professionalism; and offer guidance and encouragement to the private sector to create an accreditation and certification process for the profession.

- **Issue 7: *Insufficient public education on child welfare issues.*** While mandated reporting of abuse and neglect has improved both reporting and public awareness of abuse and neglect, the public incorrectly assumes that states have good processes in place to address the reported cases. In fact, of the substantiated abuse and neglect cases, only a small percent actually end up receiving services. The public needs to become more aware and knowledgeable about child welfare issues so they can help solve the problems.

Solution: Pursue an aggressive campaign to educate the public about child welfare issues.

- **Issue 8: *Failure of transition to independence programs for children who age out of the foster care system.*** Once foster children turn 18 most "age-out" of the system and are transitioned into independent or adult living. Federal funds for independent living are available, but funds are insufficient and programs inadequate. Often foster kids transitioning into independent living end up on welfare and/or homeless.

Solution: A system shift to permanency planning should reduce the number of children who age-out of the system. However, for those who do age-out, new and better support for independent living must be available.

- **Issue 9:** *Failure to adequately understand and address the role of substance abuse and mental health in child welfare.* Studies indicate that up to 60 percent of foster children suffer from moderate to severe mental health problems. Further, surveys indicate that alcohol and drug abuse is a serious problem for between 1/3 and 2/3 of families in the child welfare system. Finally, foster care entrants are becoming younger due to the crack baby epidemic.

Solution: Existing child welfare money must be targeted to substance abuse and mental health issues as they affect both the families and the children in the child welfare system.

- **Issue 10:** *A fundamental disconnect between the various professionals involved in the child welfare system.*

Solution: Support interdisciplinary training and coordination between mental health professionals, pediatricians, social workers, law enforcement professionals, probation officers, lawyers, and the like so they receive similar information regarding the child welfare population and are able to coordinate efforts and share information regarding the field. The National Council of Juvenile and Family Court Judges in Reno, NV, and the CIVITAS initiative based in Chicago, IL have undertaken cross-training projects, but they reach only a small percentage of all the professionals who need cross training. The Federal government needs to encourage this sort of training, and help expand it.

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THE WHITE HOUSE

WASHINGTON

To: Frank Farrow
Ralph Smith

From: Carol Rasco
Jeremy Ben-Ami
Lyn Hogan

Date: November 26, 1996

Re: December 3rd Meeting On Child Welfare

We look forward to meeting with you both on Tuesday, December 3 from 1:00 p.m.-3:00 p.m. in Carol Rasco's office.

Attached, please see a rough outline of our ideas on child welfare reform. We look forward to your comments and any additional thoughts on reform you wish to share with us.

This is an internal and confidential document, so please do not share it or discuss it with anyone outside of our meeting.

Thank you.

cc: Pauline Abernathy, Office of the First Lady
Nicole Rabner, Office of the First Lady

CHILD WELFARE REFORM CHALLENGES

Establish New Federal Goals for Child Welfare: Safety and Permanency

Challenge: The system's present focus on family preservation/reunification sometimes leads to children being placed in unsafe situations and to children remaining in foster care when reunification is neither appropriate nor possible. Safety and permanency should be the goals of the child welfare system. Family reunification should be one option available under these goals.

Encourage Adoption and Other Permanency Options Such as Subsidized Guardianship

Challenge: Barriers to adoption leave adoptable children in foster care too long, preventing children from having a safe, permanent home. Federal action can help increase adoptions and other permanency options, including subsidized guardianship, for waiting children in the foster care system.

Improve the Court Process Through Federal Leadership

Challenge: The judicial system is not adequately equipped or organized to deal with the flow of foster care and adoption cases in a way that fully emphasizes safety and permanency in a timely fashion. The Federal government should consider taking a leadership role in court improvement.

Restructure Federal Funding of the Child Welfare System To Create Incentives To Measure and Meet Federal Goals and Spend Dollars Wisely

Challenge: Current funding structures create the wrong incentives, for example rewarding foster care over adoption, and encouraging process instead of results. Consequently, money is wasted, system goals are unclear, and, most important, children and families are not well served. The Federal government must restructure funding to create incentives for states to measure and meet system goals and to efficiently and cost-effectively deliver services.

Restructure Transition To Independence Programs for Children Who Age Out of the Foster Care System

Challenge: At 18, foster children "age-out" of the foster care system, often without adequate preparation or arrangements for independent living. Federal funds for independent living are available, but funds are insufficient and programs inadequate. Often foster kids transitioning into independent living end up on welfare and/or homeless. The Federal government should consider guaranteeing this small population (about 20,000 nationally) basic necessities including a home, education, food, and clothing.

Improve Training & Professionalism in Child Welfare and Related Disciplines

Challenge: Currently, available training for caseworkers, and interdisciplinary training for others who interact regularly with the child welfare system, is inadequate. Further, professionalism and standards in the social work profession are lacking. Federal leadership could encourage the private sector to create better professional standards for caseworkers, and to expand successful training programs.

Address the Role of Substance Abuse and Mental Health in Child Welfare

Challenge: Studies indicate that up to 60 percent of foster children suffer from moderate to severe mental health problems. Further, surveys indicate that alcohol and drug abuse is a serious problem for between 1/3 and 2/3 of families in the child welfare system. The Federal government should acknowledge these interconnections and address them accordingly.

Improve and Expand Federally Funded Prevention Efforts

Challenge: The child welfare system continues to disproportionately spend dollars addressing abuse once it occurs, rather than on preventing the initial abuse. A reformed child welfare system must support *targeted*, coordinated, community-based prevention efforts that work, and start them early enough to prevent abuse and neglect from occurring *before* it is brought to the attention of the state.

Launch a Public Education Campaign on Child Welfare Issues

Challenge: While mandated reporting of abuse and neglect has improved, the public is still wholly unaware of the deficiencies in the system and the number of substantiated abuse and neglect reports that go without services every year. Public knowledgeable about child welfare issues will help solve the problems.

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Action Steps for Reform

I. Establish New Federal Goals for Child Welfare: Safety and Permanency

Amend and strengthen the 1980 P.L. 96-272, the Adoption Assistance and Child Welfare Act of 1980, and later amendments to P.L. 96-272, as well as the 1974 P.L. 93-247, the Child Abuse and Prevention and Treatment Act (CAPTA), and the Family Preservation and Support Program in OBRA 1993.

A) Establish Safety

- Draft a simple statement of legislative intent indicating that the first priority in all child welfare decision-making is child safety. Reinforce this three ways:
 - Specifically state that reasonable efforts do not include efforts that place a child in danger;
 - During hearings, require those involved (judges, hearing officers, child abuse workers) to make specific statements of fact which indicate how the child will be safe in family preservation or reunification decision-making;
 - Lawyers and guardians ad litem argue ONLY for decisions that are consistent with child safety (not necessarily the wishes of the child which, a majority of the time, are reunification regardless of the home situation).
- Amend OBRA '93, the Family Preservation and Support Program, so that the plan requirements include the following:
 - Clarify that the first priority is always child safety;
 - Careful risk assessment to exclude dangerous families;
 - A high level of in-home visitation to supervise children's safety;
 - A comprehensive range of services to increase families' capacities to protect their children;
 - Partnerships with communities.
- Amend title IV-E state plan requirements to include:
 - Minimal standards for in-home visitation;
 - Forensic pediatric examination for sexually and physically abused children;
 - Regular pediatric care for foster children;
 - A timely response AND resolution for each allegation of abuse and neglect;
 - Background screening of alleged abusers and foster and relative caretakers including criminal and abuse screening;
 - Risk assessment;
 - Training for foster parents, including relative caregivers and child abuse workers.

B) Establish Permanency

- Amend P.L. 96-272 to reject unreasonable efforts by recognizing that there are classes of parents for whom reasonable efforts and family preservation and reunification are inherently unreasonable, including:
 - Parents who kill or maim children;
 - Parents who aggressively sexually assault children;
 - Parents who have histories of violent criminal behavior;
 - Parents who abandon children in life-threatening circumstances; and
 - Parents with long-term and chronic addictions.
- Require reasonable efforts for legal permanency:
 - Amend P.L. 96-272 to acknowledge that children have a compelling need to have permanent homes for life and require reasonable efforts be made to achieve legal permanency.
- Amend P.L. 96-272 to prohibit children under the age of six years to remain in long-term care with foster parents who are unwilling or unable to adopt.
- Amend P.L. 96-272 to change the term "dispositional hearing" to "permanency planning hearings", shorten the period between a child's entry into foster and his or her first dispositional hearing from 18 months to one year, followed six weeks later with either reunification and permanency proceedings.
- Amend P.L. 96-272 to prevent numerous foster care placements.

II. Encourage Adoption and Other Permanency Options

- Develop an action plan to double the number of adoptions or other permanent placements out of the foster care system by the year 2002, including offering technical assistance and guidance to the states from the Federal government.
- Once family reunification is deemed not possible, require states to move without delay to terminate parental rights, or, when not possible, create a permanency option. State court systems must tight time standards for addressing permanency after the dispositional hearing.
- Develop a strategy to aggressively implement the Multi-Ethnic Placement Act.
- Offer states technical assistance to aggressively pursue adoptions for special needs children.

- Amend title IV-E of the Social Security Act to allow title IV-E foster care payment funds to support subsidized permanent kinship care, and emphasize various forms of subsidized guardianship/kinship care as permanency options when adoption is not possible.
- Implement demonstration projects, and study their results, to allow IV-E funds to subsidize permanent guardianship, whether or not it is a kinship placement.
- Set national goals to increase the number of children who are adopted annually and offer monetary per-child bonuses to states for each child adopted over the state goal.
- Prepare a monograph for states on subsidized guardianship as a permanency option when adoption isn't possible.

III. Improve the Court Process Through Federal Leadership

The Federal government should undertake a systematic look at court practices around the country, develop a consensus on court improvements, and court evaluation, and offer states technical assistance to implement the improvement.

- Amend federal law to entitle every child to be safe and protected from abuse and neglect (as discussed earlier in point IA).
- Require all parties in Juvenile Court proceedings to be responsible for child safety.
- Use the Presidential bully pulpit to strongly encourage states to implement the following court reforms already working in some venues:
 - 1) Enact strict time schedules for the completion of all stages of court proceedings including shelter care, trial, reviews, and the termination of parental rights;
 - 2) Keep tight hearing schedules and adhere to those schedules;
 - 3) Set reasonable judicial caseloads that allow realistic scheduling;
 - 4) Implement same judge/same case procedure, creating individual judicial calendars so the same judge keeps a case from start to finish;
 - 5) Require child abuse and neglect practitioners -- judges and lawyers -- to be experts in family and juvenile law and, for those states that don't have them, put in place a family court, and;
 - 6) Encourage the court system to collaborate and plan with other involved organizations.
- Increase Federal grant money for expansion of interdisciplinary training involving Judges and other court personnel -- expand or model after the National Council of Juvenile and Family Court Judges training program.

IV. Restructure Federal Funding of the Child Welfare System To Create Incentives To Measure and Meet Federal Goals and Spend Dollars Wisely

Financial incentives should encourage rapid movement to permanent placement rather than lengthy stays in foster care, and should reward success when states meet the system goals. We should also explore the application of managed care principles.

- Structure financial incentives to encourage rapid movement to permanent placement rather than lengthy stays in foster care.
- Study the application of managed care to child welfare and encourage states with waiver authority to apply managed care principles to their reform efforts.
- Collect data on the results of the Federal Family Preservation funds spent since the program inception in 1993, and determine how to improve cost-effectiveness and success.

V. Improve the Transition To Independent Living Programs for Emancipated Foster Youth (Population is about 20,000 nationwide)

- Declare national goals for children who must become independent after aging out of foster care. Amend title IV-E state plan requirements to include the following goals:
 - A place to live;
 - Opportunity to continue education;
 - Life skills training;
 - Employment or continued income until employment is secured;
 - Access to health care;
 - Adequate clothing;
 - Availability of key records and documents including birth certificates, driver's license, foster care and health history, etc., and;
 - Ties to community mentors.
- Encourage states to develop employment, housing, and scholarship opportunities for emancipating foster youth by requiring state IV-E plans to specify how they will target local, state, federal and private sector employment, housing and scholarships for higher education opportunities for the emancipated foster youth.
- Amend Federal law to lower the age for participation in the Independent Living Program from 16 to 14 years of age to allow us to engage youth earlier in preparation for this transition into independent living.

- Amend the Higher Education Act to require colleges and universities receiving Federal aid to evaluate their outreach to and retention of former foster youth, and to ensure that these youth are identified and informed of existing Extended Opportunity Programs and Services. (Higher Education Act reauthorization is coming up.)

VI. Improve Training & Professionalism in the Child Welfare Field and Related Disciplines

- Increase Federal grant money for expansion of interdisciplinary training for Judges and other court personnel -- expand or model after the National Council of Juvenile and Family Court Judges training program in Reno, NV and the CIVITAS program in Chicago, IL.
- Create incentives within child welfare laws for training and professionalism.
- Offer guidance and encouragement to the private sector to create an accreditation and certification process for the profession.

VII. Address the Role of Substance Abuse and Mental Health in Child Welfare

- Encourage states to offer coordinated, wrap-around services addressing all aspects of family health including substance abuse and mental health.
- Use existing training funds for interdisciplinary training on the role of substance abuse and mental illness in child abuse and neglect.

VIII. Improve and Expand Federally Funded Prevention Efforts

- Encourage family preservation and support services aimed at keeping families together when services and/or programs have proven track records.
- Evaluate family preservation expenditures to date, evaluate results attained from funds, and make recommendations to improve the programs, and expand efforts for longer-term prevention including early intervention.
- Improve and expand data collection.
- Make available to states technical assistance and guidance for the following activities:
 1. Effective targeting of family preservation;
 2. Implement family preservation services across systems, and;
 3. Disseminate information to states, when available, about effective service models and states' results from using those models.

IX. Increase Public Awareness About Child Abuse and Neglect, the Foster Care System, Adoption and Other Permanency Options

- Develop and lead a public awareness campaign, including use of public service announcements, print materials and the internet, on child abuse and neglect, foster care, subsidized guardianship, and adoption.
- Appropriate Federal funds for such a national campaign.

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[SUMMARIES OF STATE CHILD WELFARE WAIVER PROPOSALS,
AS PUBLISHED IN THE FEDERAL REGISTER FOR COMMENT 9-7-95]

Revised 6/26/96

STATE: CALIFORNIA

DESCRIPTION: California originally proposed to pass a variety of federal and state child welfare funding streams directly to counties, essentially as a block grant. Participating counties would have received from the State a single allocation of funds for family and children's services, rather than using categorical funding streams. The State believed the project would enhance the counties' abilities: to meet families' needs more comprehensively; to increase the focus on outcomes; to provide additional in-home services which will result in less need for out of home care; and to contain costs.

The State believed that enhanced flexibility in the use of federal funds, reduced administrative requirements and a new "outcome-oriented oversight role" would improve outcomes for children and families, including more effective prevention services that will reduce the need for out of home care.

In order to accomplish their goals, the State proposed to waive a large number of statutory (and regulatory) provisions, which would have been based on negotiations among federal, State and local child welfare services officials regarding specific local waiver proposals. For each of many statutory provisions cited, the state proposed conditionally to "request waiver of this section to the extent necessary to implement the proposed demonstration project." Statutory items included certain title IV-E State plan requirements, title IV-E income eligibility requirements, statutory definitions (including definitions of eligible facilities), requirements regarding adoption assistance payments, required statistical reports, and Independent Living Program eligibility requirements. Regulatory items proposed for waiver include limitation on the sources of state match, cost allocation plan requirements, general grant administration requirements, fiscal regulations, the State allotment determination formula, payment review and facility licensing standards, and regulations regarding the withholding of federal funds.

Counties protested the State's plan, believing the proposal was aimed at placing all risk for increasing child welfare caseloads and the fallout of welfare reform on the counties, without adequate State participation and joint responsibility. The current status is that the State has reconsidered its original proposal in the face of county opposition and is working to reformulate its proposal, with county consultation. A reformulated proposal will be presented to HHS for consideration in late July or early August. The State anticipates that its reformulated proposal will consist of three parts: (1) a kinship

care component; (2) a proposal to enable the extension of voluntary placements from 6 to 12 months; and (3) a proposal to allow IV-E maintenance funds to be used for other child welfare services under some circumstances. Details are yet to be determined.

STATE: DELAWARE

DESCRIPTION: Delaware proposes a waiver project which has two components. In the first, the State would use multi-disciplinary teams composed of social workers and substance abuse counselors to address the problem of parental substance abuse that creates risks for children and families. This aspect of the project is designed to reduce the number of children coming into out of home care; to delay entry into care; or to reduce the amount of time spent in foster care. The second component involves adding assisted guardianship to the permanency continuum when adoption is not possible and a family has made a long-term commitment to the child. This option is proposed as a cost saving alternative to placing children in foster care.

In establishing a multi-disciplinary team to address parental substance abuse issues, the State anticipates that the services will prevent placement or significantly reduce the duration of placement for 50% of the children in the demonstration units that would come into care because of parental substance abuse. In adding guardianship as a continuum of care option, the State projects that 10 children/youth per year who are currently maintained in long-term foster care will be moved to the guardianship program.

The State proposes to contract with local substance abuse treatment agencies to provide counselors to be co-located with child protective services staff. This effort would provide multi-disciplinary assessment and treatment services for approximately 180 families a year for a period of three years.

The second component of the proposal would make guardianship an available alternative to the caretaking families, thus enabling a child's case to be closed while still making financial and other services available to the family as needed. This option would be considered when adoption is not possible and a family has made a long-term commitment to the child/youth.

For the use of a multi-disciplinary team to provide assessment and treatment services, the State is proposing to waive the prohibition on the expenditure of title IV-E funds for services. For the guardianship component, the State seeks to waive provisions governing eligibility for title IV-E foster care maintenance payments, so that caretaking guardians of children formerly in placement might receive payments comparable to title IV-E foster care maintenance payments.

Delaware became the first state to receive approval of its demonstration on June 17, 1996.

STATE: DISTRICT OF COLUMBIA

DESCRIPTION: The District of Columbia proposes to develop a community-based therapeutic model of services to serve as an alternative to placing children in more restrictive institutional settings, as well as providing a transitional bridge for those children returning to the community upon discharge from institutional care.

The flexible use of title IV-E and IV-B funds would allow for the development and provision of a community-based model of therapeutic services to prevent foster home and institutional placement and would increase inter/intra agency and multi-system coordination of services.

The demonstration project would include the use of a "managed care" approach through the use of rate setting procedures to include articulated caps, and a system to provide comprehensive multi-system social and support services. The community-based therapeutic approach would include specialized emergency foster care homes; shared family care; in-home treatment; use of professional surrogate parents; and substance abuse treatment services.

The District of Columbia proposes title IV-E waivers to allow payment for services, and to permit the support of alternatives to foster home and institutional placement through use of a rate-setting process to be established under the demonstration project.

STATE: GEORGIA

DESCRIPTION: Georgia's original proposal would use title IV-E funds to fund preventive and supportive services for children and families at risk, to eliminate the need for placement or reduce the time a child spends in out of home care. Additionally, Georgia seeks to place children in neighborhood settings; provide specialized living arrangements for adolescents, and obtain special adoption assistance to expedite the placement of children into adoptive homes.

The benefits for this demonstration project include removing systems barriers, decreasing or avoiding the amount of time a child spends in out of home care, providing more stable placements, expanding preventive and family support service systems and increasing adoptive placements by making resources available to adoptive families that otherwise would not qualify.

The services to be provided under the demonstration project include family support and prevention services, expansion of kinship care, and community placement services.

Georgia proposes to expand title IV-E coverage to include placement prevention and reunification services. The State also wishes to waive some provisions of title IV-E eligibility determination when a child comes into custody, provide a special waiver to provide adoption assistance to pay for the purchase of services to expedite adoptive placement, and provide funds for adoptive parents for one-time expenses related to the placement of a specific child in the home. Georgia also seeks a waiver to permit title IV-E funds to support a kinship care assistance subsidy, and a waiver of some provisions of title IV-A to allow families whose children are in foster care to continue receiving food stamps, when reunification is expected to occur within 180 days.

HHS is currently in discussions with the State about the exact substance of the proposal. In order to be responsive to the State's interests, and to further the process of considering the State's proposal, a technical assistance visit was arranged for May 27 and 28. Three HHS staff met with a number of state officials to review the initial proposal, and to discuss evaluation and cost neutrality questions. The State has decided to focus its proposal on a demonstration of kinship care for children who might otherwise be placed in "stranger" foster care. HHS expects to receive a revised proposal from Georgia by August, 1996.

STATE: ILLINOIS

DESCRIPTION: Illinois is proposing a subsidized private guardianship as a permanency planning option which would meet the needs of the long-term kinship care population, in order to reduce the number of children in long-term foster care and to reduce the number of disrupted placements.

Illinois seeks to improve permanency outcomes for children in healthy kinship care arrangements in cases where reunification and adoption are not possible. The demonstration project would reduce government intrusion in family life while creating support and clinical management systems which minimize risk through annual reviews of subsidized private guardianship and continuous promotion of adoption options.

Illinois would provide a subsidized private guardianship program (which parallels the adoption subsidy program) for a random group of eligible caregivers.

The State proposes a waiver of title IV-E to permit withholding subsidized guardianship from a randomly selected control group; a waiver of certain provisions of the Adoption Assistance Program to authorize subsidized guardianship for children who meet the eligibility requirements of Section 673 and additional requirements set by the State, in order to authorize payment of nonrecurring guardianship expenses, and for guardianship assistance payments for children; a waiver of eligibility requirements to limit assistance to special needs children; a waiver that would permit federal financial participation in amounts expended as guardianship support payments pursuant to guardianship assistance agreements; and a waiver to authorize federal financial participation in amounts expended on training and administration for the subsidized guardianship program and a waiver of the provision defining "adoption agreement" to allow that term to include "guardianship assistance agreement."

STATE: INDIANA

DESCRIPTION: Indiana proposes to divert per diem funds from restrictive (primarily institutional) placements to more community-based services in order to create more home-based in-state placements for children, placements which would be more supportive of family unity.

The effort would result in fewer high cost, out of state child placements; fewer removals from home, and earlier reunification; improved family functioning; expeditious adoptions; timely transitions to independent living; and improved outcomes for children.

Indiana would modify existing interagency agreements between the Division of Family and Children Services and juvenile court judges to include community partners such as mental health, education and the Step Ahead Council. The local office of Family and Children Services, the county probation office, community mental health center or the school corporation seeking placement of a child would convene a meeting of partners to develop alternatives to restrictive placement.

Indiana proposes to waive title IV-E to permit payment of proposed services: even when a child has not been judicially removed from the home; in order to prevent the placement of a child in out of home care; and for the child in substitute care who is not categorically eligible for title IV-E foster care.

STATE: MARYLAND

DESCRIPTION: Maryland proposes to add federal guardianship assistance as a permanency planning option which would more closely meet the needs of the kinship care population.

This effort would result in reduced average length of stay in out of home placement for children; increased stability for children, and empowerment/support for the caretaking family.

Under this demonstration project in order to be eligible a child would have to be committed to the local department of social services as a child in need of assistance and to have been in a successful out of home placement with the prospective guardian for a minimum of six months. Reunification and adoption would have to be appropriately ruled out as permanency planning options. Resources for the child (SSI, Social Security Survivor's Benefits, etc.) would be transferred to the guardian and deducted from the subsidy. Prospective guardians would be required to sign a guardianship agreement which would require annual renewal.

STATE: MICHIGAN

DESCRIPTION: Michigan proposes a demonstration project in which the State would use funds available until title IV-E of the Social Security Act for purposes and for beneficiaries which are not eligible under current law. Title IV-E foster care funds may be used only for out-of-home care, and only for certain eligible children. The State proposes to provide these funds to counties and other local offices to be used flexibly. Under Michigan's proposal, title IV-E funds could be used to provide services--including prevention services--for children and families, and to permit the "decategorized" funds to be expended not just for AFDC-eligible children but for all children and families in need of child welfare services. The State would continue to pay for foster care maintenance where out-of-home care is required. The project is consistent with Michigan's overall strategy of devolving funding and decision-making to the local level.

HHS is working with the State to resolve evaluation and cost neutrality questions.

STATE: MINNESOTA

DESCRIPTION: Minnesota proposes to establish relative-based living arrangements as an alternative to out of home care.

The results of this project would be enhanced permanency for children including maintaining a continuity of relationships and a sense of belonging; protection for children who are at risk; lessened government intrusion into families; a greater connection for children with their families and communities; support for kinship placements; lessened time in substitute care; multiple placements will be reduced; and expenditures for out of home placement will be contained.

The proposed demonstration project focuses on placement with family members and would provide support for temporary relative guardianship; permanent relative guardianship; voluntary relative foster care; and court-ordered relative foster care.

Minnesota proposes waivers of provisions under title IV-E in order to exclude grandparents from the foster care licensing requirements; and approval of a financial support structure that allows differential payments based on need. Specific services under this waiver project would include guardianship subsidies, differential foster care support, and specialized training for relative caregivers.

The State also proposes waivers of certain provisions of title IV-A in order to apply the special child standard of assistance in situations where the child is living in one of a range of relative care arrangements; and flexibility to use emergency assistance funds to help relative caregivers meet minimum health and safety standards. Specific services under this waiver would include guardianship, subsidies and alternative care grants.

Minnesota has withdrawn their proposal.

STATE: NEW YORK

DESCRIPTION: New York proposes to use a managed care approach to child welfare services to recapture revenue for reinvestment in preventive and aftercare services in local communities.

The benefits of this effort would be an accelerated decline in the foster care population; an increase in the level of services; and a reduction in the length of stay in foster care.

New York proposes to apply the principles of managed care to its foster care and adoption assistance programs by identifying preset payments for a range of services for a specified population over a predetermined period of time (capitated payments) and adjusting treatment regimens in light of outcomes so that the client receives the necessary services to continue to make progress toward the stated goals of intervention (care management). The State also proposes to increase the availability of child welfare services so that pre-placement preventive and aftercare services can be intensified.

New York proposes to waive: title IV-E requirements regarding the eligibility of children and of foster care facilities; the definition of "special needs" for which title IV-E funds may be used; the circumstances under which these funds may be claimed; and certain requirements concerning title IV-E administration and training.

STATE: NORTH CAROLINA

DESCRIPTION: North Carolina proposes outcome-based management of foster care, in which foster care funding is tied to specific outcomes related to diverting children from foster care whenever possible and moving quickly to achieve permanence for children.

The benefits from this demonstration effort would: link funding and outcomes and measure the effect on service delivery system performance; demonstrate and evaluate the effectiveness of a comprehensive outcome-based approach; decrease the amount of time children spend in foster care, reduce the number of new entries into foster care, and promote collaborative planning and coordination of services with several other initiatives currently underway in the State.

The proposed demonstration effort has two parts. Part I is designed to encourage the development of effective community-based reunification, adoption and aftercare services. Part II is designed to achieve a paradigm shift that allows local programs to move resources from treatment to prevention.

The waiver requests the use of title IV-E foster care funds on behalf of children not presently eligible: to allow local social service agencies to use a capitated rate structure with incentives for achieving specified outcomes; to allow local social service agencies to contract with public, private non-profit and private for profit entities as needed to develop an effective community network of services; and to allow participating agencies to reinvest savings realized from performance excellence in child welfare services.

STATE: OHIO

DESCRIPTION: Ohio proposes to reduce child removals and/or time of children in placement and associated costs through the use of managed care technology to provide a broader array of services to children and their families.

The benefits of this effort would include decreasing placement costs, increasing the level and quality of services; strengthening local partnerships; and expediting the permanency planning process.

The proposed demonstration effort represents a partnership between public children's service agencies (PCSAs), the Ohio Department of Human Services (ODHS), and managed care entities. Decision making and risk will be shared among the PCSAs, ODHS and the managed care entities. ODHS's role is that of coordinator, facilitator and provider of training and technical assistance. The PCSAs' role is primarily as purchasers of services, and they may or may not provide all the direct service functions themselves. The managed care entity will be responsible for administrative and management functions, medical/clinical reviews, utilization management and service authorization, developing and operating a management information system, developing contracts with providers and payers, and consumer satisfaction-related duties.

The current system of services will continue but with managed care options being considered at decision making points. A policy consortium will be created to develop and implement policy and practices that support permanency planning and provide guidance to the local PCSAs. The terms and conditions developed by the Consortium will bind the provider agencies to uniformly implement the agreed upon practice criteria and to ensure consistency for evaluation purposes across the waiver sites.

Ohio proposes to waive a number of title IV-E provisions that relate to restrictions on child eligibility, and prohibitions on the use of title IV-E funds for the provision of services.

STATE: OREGON

DESCRIPTION: Oregon proposes to use title IV-E funds for services including but not limited to prevention and support services, protective services, crisis intervention and reunification services. The State also proposes to develop a kinship foster care rate that would be individually determined based on the needs of the child.

The demonstration project would provide flexible funding for abused and neglected children and their families and/or caregivers to receive individual services, regardless of where the child is placed. Specific outcomes expected would include decreasing the length of foster care placement, increasing the number of children remaining safely in their homes, increasing the use of relative caretakers for children who must be placed out of the home, having more appropriate foster care resources and better utilization of community resources.

The proposed demonstration project would provide support to biological, foster and kinship caretakers through a myriad of services. The State proposes to shift toward a statewide system of in-home care services delivery, insure a match between the child's needs and the skill of the caretakers, establish mechanisms that will refocus the out of home care systems and move closer to implementation of a "first placement/only placement" objective for children who are unable to remain with their parent(s).

Oregon proposes to waive those provisions of title IV-E: that require a State to make foster care maintenance payments; that require that foster care maintenance payments be made only on behalf of a child who resides in a foster family home or a child care institution; and that concern the conditions for federal reimbursement for voluntary placements.

STATE: WEST VIRGINIA

DESCRIPTION: West Virginia will create a comprehensive, decentralized, specialized system to determine a child's potential eligibility for all funding resources for child welfare programs.

The proposed system would maximize the State's child welfare funds by identifying and accessing additional financial resources available to children in care. The new system would emphasize parental obligation and encourage parental participation.

A resource development unit will be created to identify, pursue and produce accurate claims for all sources of funds to which a child in care may be entitled, e.g., child support, SSI, Black Lung, Railroad Retirement, third party medical, SSA, Veterans's Benefits and titles IV-A, IV-B and IV-E.

West Virginia is requesting a waiver of the title IV-E limit of fifty percent for Federal Financial Participation in a State's administrative costs.

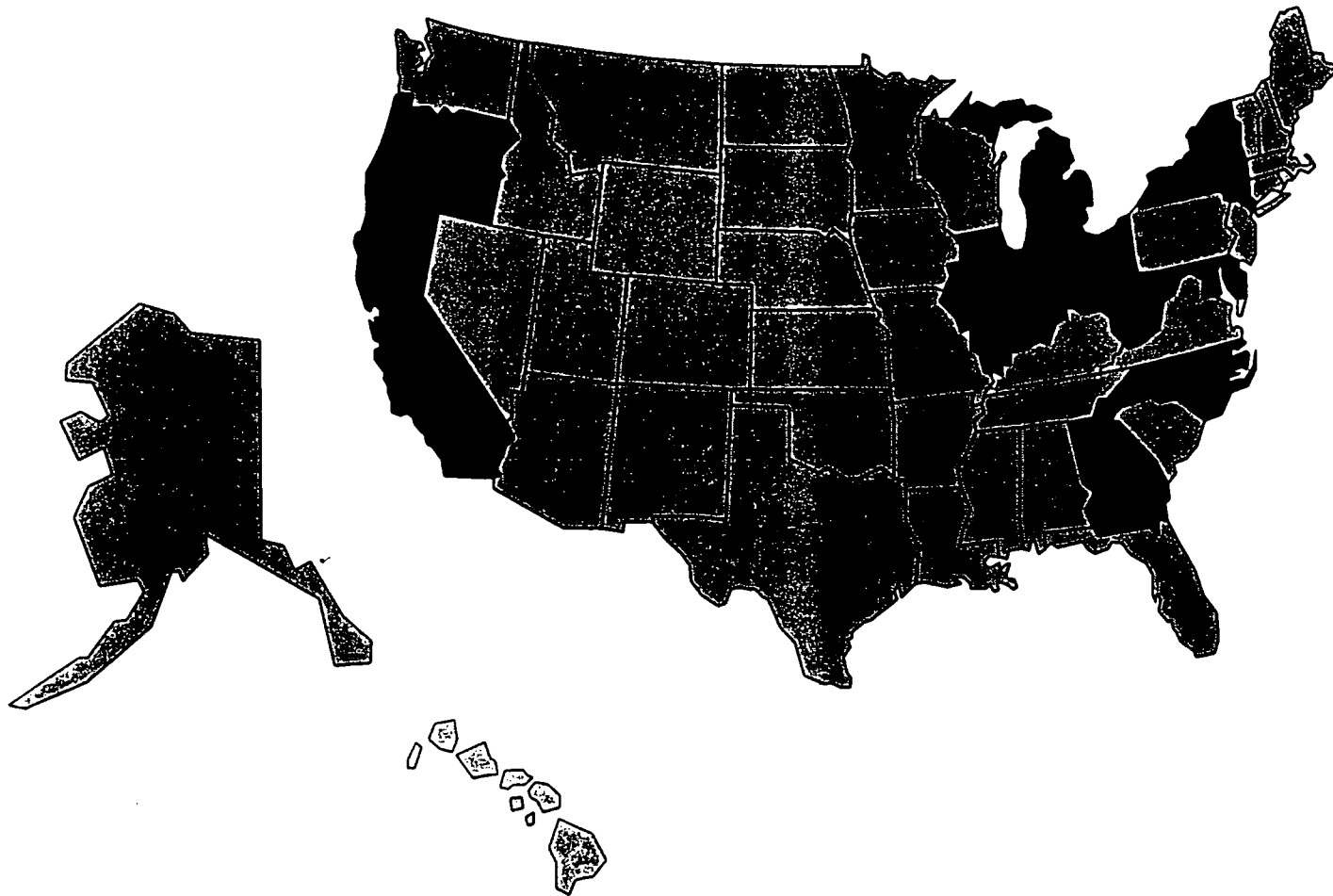
West Virginia's proposal will need substantial revision to become approved. The Stat is considering the appropriateness of modification to their proposal.

Briefing on the Child Welfare Waiver Demonstration Proposals

HIGHLIGHTS OF THE FEDERAL REGISTER

- Consistent with Purposes of IV-B and IV-E
- Policy Relevant Hypothesis
- Maintain Safeguards and Eligibility
- Cost Neutral
- Improved Outcomes for Children and Families

WAIVER PROPOSAL STATES



Summary of Submissions

Fourteen states submitted proposals. Thirteen proposals are under consideration as one state withdrew its proposal. The child welfare systems of seven of the states are county operated while the remaining six systems are state administered. Categories of proposed demonstration activity include:

- Managed Care

- Block Grant

- Family Preservation/Support

- Expanded Eligibility

- Kinship Care

- Guardianship

Categories of Activity

Managed Care	Block Grant	Enhanced FP/S	IV-E for Services	Kinship Care/ Guardianship	Fiscal Model	Expanded Eligibility
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OH	CA	IN	All but	MD	WV	DC
NY	MI	NC	WV	IL		IN
DC		GA		DE		
		OR		GA		
				OR		

Substance Abuse	Privatization	Adolescents
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DE	OH	DC
		IN

Note - States may appear
in multiple categories due
to wide-ranging activity.

- ① Call Olivia
- ② Remind Ken / NAM
- ③ Do Agenda

I. Monday July 8

Tentative Agenda:

1. Outline of DPC goal for next four months (CHR)
2. Demo Strategy
Olivia has taken our thoughts back to HHS and should have some reactions
3. Chats
Review with HHS our outreach plans. Ensure they understand attendance situation. Coordinate with HHS plans.
4. Review long-term landscape
What is legislative arena likely to yield (Ken/Mary)
What other possible outcomes by year's end

④ Academics
Ira Schwartz - Pa Social Work
- researchers + training

Attendance:

Invited Ken and Nancy Ann from OMB
Let HHS invite 5-6 people (oops!)
CHR, JBA, LH

③ Practitioners
• APWA
• Medicaid Dir NC
• Juvenile Justice Consultant
↳ Mark Soler: RSI, Jan Fiech

II. Chats

Dates: July 18
August 8/7 - 8/9

Who: Foundations: Casey, Clark (who to call?)

Academics

- Lyn working with Carol Williams on lists

NFPs
Bob Schwartz - Juvenile Justice
- David Liederman (CWA) chr.
- Marilee Allen (CDF)
- ~~APWA~~ Marcia Lowry ACW
Children's Rights Project

Block 2 hrs

+ 2 others ① Meetings #1
- Susan Norton - Clark
- KATHY FEELEY - Casey
- Rachel Smith - at some pt.
- ROTH MASS. NGA - also Casey Services.
- others: Barbara Blum
Angela Blackwell.

APWA
JBA call
Gary S. Anderson
re: to bloom
with

Non-Welfare Reform Pending Child Welfare Legislation In The 104th Congress

H.R. 3286 (Molinari): The Adoption Promotion and Stability Act of 1996. Offers up to a \$5,000 tax credit for adoption expenses incurred during the year that the adoption is formalized. Only families who make less than \$75,000 annually are eligible for the full \$5,000 tax credit. Also removes barriers to inter-ethnic adoption. The Administration issued a SAP on May 9, 1996 strongly supporting HR 3286, without the inclusion of Title III (Title III--would allow state courts to pre-empt tribal governments in decisions regarding the custody of Indian children.) Passed House, pending on the Senate calendar.

H.R. 586 (Maloney): Omnibus Foster Care Improvement Act. Amends Title IV-E, introduced January 19, 1995, referred to Ways and Means, no action.

H.R. 709 (Maloney): Standby Guardianship Act. Amends Title IV-E to allow chronically ill or dying parents to name a standby guardian for minor children without relinquishing parental rights. Introduced January 26, 1995, referred to Ways and Means, no action.

H.R. 1044 (Fawell): At-Birth Abandoned Baby Act, amends title IV-E to prevent abandoned infants from experiencing prolonged foster care. Introduced February 24, 1995, referred to House Ways and Means, no action.

H.R. 1263 (Payne): Abandoned and Medically Fragile Infants Assistance Act, introduced March 16, 1995, referred to House Economics and Educational Opportunities Committee, Subcommittee On Early Childhood, no action.

S. 1201(Coats), similar bill introduced in House, H.R. 2387 (Wyden): Kinship Care Act of 1995. Amends Title IV-E to promote kinship care, and to authorize kinship care demonstrations. Referred to Senate Labor Committee, no action

S 919, (Coats): Child Abuse Prevention and Treatment Act Amendments (CAPTA): Reauthorizes CAPTA and related programs through FY 2000. Originally included in HR 4 on August 11, 1995, passed Senate September 19, 1995, vetoed by President. Introduced as free-standing legislation, reported out of the Labor Committee, pending on Senate calendar.

S. 637 (McCain): Adoption Anti-Discrimination Act, introduced March 28, 1995, referred to Senate Finance Committee, no action.

DEPARTMENT OF HEALTH & HUMAN SERVICES

ADMINISTRATION FOR CHILDREN AND FAMILIES
Office of the Assistant Secretary, Suite 600
370 L'Enfant Promenade, S.W.
Washington, D.C. 20447

July 18, 1996

TO: Jeremy Ben Ami, Deputy Assistant to the President
for Domestic Policy

FROM: Carol Williams, Associate Commissioner, Children's
Bureau, Administration for Children and Families,
DHHS

SUBJECT: Update on the Development of the National Adoption
Strategic Plan

In our continuing conversation with you and Carol about child welfare issues, we would like to apologize if we have not adequately kept you up to date with our efforts to develop a National Adoption Strategic Plan, which we have undertaken to further the Department's efforts under the Government Performance and Results Act (GPRA). Because this is an evolving process that involves a range of external partners, it may come up with the discussion group you are bringing together today.

As the number of children awaiting adoption continues to grow, we must enhance our efforts to identify and develop all potential adoptive families by reaching across ethnic lines and within ethnic communities. We must also more actively engage non-federal partners in the adoption process (recruitment and placement). To accomplish this, we conducted a number of preliminary focus groups and in December embarked on a collaborative effort with a wide range of non-federal partners to develop a National Adoption Strategic Plan (NASP).

To further support the tools the federal government has at its disposal to promote special needs adoption (the Adoption Assistance and Adoption Opportunities programs and the Multiethnic Placement Act), the NASP's goal statements and performance measures can be used by states and local and community adoption programs to advance adoption services for special needs children. By meeting the goals and performance measures of the Plan, adoption programs will increase the number of children placed in adoptive families.

Developing the National Adoption Strategic Plan

Working with DHHS staff from the Office of the Assistant Secretary for Management and Budget, Administration for Children and Families (central and regional office) staff utilized a two-

tiered strategy to allow for broad participation. First, we conducted a number of focus groups on the barriers to the adoption of children with special needs. Second, we hosted a three day meeting in Washington, DC to draft the NASP using the input from the focus groups and from the meeting participants. Meeting participants included State adoption managers; representatives from national advocacy organizations, the courts and legal field, and private non-profit organizations; adoptive parents; and ACF staff.

During the meeting, participants focused on results-oriented goals that would advance the adoption of children with special needs and drafted a preliminary plan. Participants were given two guidelines: (1) goals should describe what should be accomplished, not how it should be accomplished; and (2) to accomplish goals, no additional requirements should be placed on States or adoption agencies -- activities should facilitate Federal-State-Community collaboration.

Current Status

Currently, the National Adoption Strategic Plan is under review by the groups who participated in its initial development. In keeping with the principles of GPRA, it is expected that this will be an on-going review process and that the Plan will undergo continuous modification. The NASP is a working draft document. Early comments indicate that GPRA and the NASP have been well received from the States and adoption stakeholders. Next steps include continuing to refine the NASP based on comments received from the Office of General Counsel, the Office for Civil Rights and members of the adoption community.

Simultaneously, meeting participants will begin to discuss how to share the NASP with the entire adoption network and begin to facilitate implementation in States and communities. ACF is actively working with its regional staff on how to use the NASP as a framework to develop partnership agreements with States.

ACF has embraced the collaborative process under GPRA. It provides a powerful opportunity for the Administration to increase adoption outcomes for children with special needs as well as opportunity to begin needed changes in the child welfare system. We anticipate developing performance measures, using the GPRA process, for other components of the child welfare systems.

We look forward to working closely with you on these issues.

cc. Melanne Verveer
Kevin Thurm
Mary Jo Bane
Ann Rosewater
Olivia Golden