

NATIONAL FOSTER CARE COALITION

Summary of the President's Proposed FY 2013 Budget on Select Children's Issues

The Obama administration's fiscal year (FY) 2013 budget spends \$3.8 trillion in federal fiscal year 2013 (October 1, 2012 through September 30, 2013). The deficit for FY 2013 is projected be \$901 billion decreasing from the projected \$1.3 trillion for this year. The budget allocates spending at levels set by last year's debt ceiling agreement (PL 112-25). After enacted spending cuts and freezes, the debt agreement also required a minimum of \$1.2 trillion in additional deficit reduction. If Congress cannot reach that goal, across-the-board cuts will be imposed on January 2, 2013 to both defense spending and domestic spending. The \$3.8 trillion includes \$830 billion for Social Security, \$530 billion for Medicare, \$282 billion for Medicaid, \$248 billion in interest payments, \$672 billion in defense spending (includes \$88 billion for the war), \$140 billion for Veterans Affairs and \$568 billion for the remaining discretionary (annually appropriated) programs.

The President has included in this budget \$3 trillion in deficit reduction, which is separate from what is proposed in spending for various programs. Approximately \$1.5 trillion comes from raising revenue through tax increases and other measures. The remaining savings comes from reduced interest on the national debt and reduction of approximately \$360 billion in health care costs, \$278 billion in non-health care mandatory spending, and savings from the wind-down of the war.

In the area of children's programs, the biggest beneficiaries are early childhood programs, including child care, Head Start, the Early Learning Challenge Grant and Individuals with Disabilities in Education (IDEA, Part C), infants and toddlers. Head Start receives a total increase that the Administration says will adjust for inflation and address accountability measures, while child care receives a significant increase if Congress approves changes in the mandatory portion of child care funding.

As it did in last year's budget, the Administration proposes a \$252 million incentive that is targeted to encourage improvements in the foster care and other child welfare programs. Their proposal would create financial incentives to improve child outcomes in the following key areas: reducing the length of stay in foster care; increasing permanency through reunification, adoption, and guardianship, decreasing rates of maltreatment recurrence and any maltreatment while in foster care; and reducing rates of re-entry into foster care. This proposal was not introduced or considered last year. The Administration also proposes \$13 million to create a teen pregnancy prevention program that target youth in foster care in addition to a \$5 million competitive grant to address sex trafficking in the child welfare and homeless and runaway youth populations. Finally, most of the rest of child welfare including the Child Abuse Prevention and Treatment Act (CAPTA) funding remain frozen at last year's levels.

Here are some select areas of interest for child welfare:

Title IV-E, Social Security Act

Title IV-E Foster Care Payments

As an entitlement, IV-E foster care funding is determined by the level of need and number of claims filed by states for reimbursement at the federal level. For 2013, the Administration projects that Title IV-E foster care maintenance and administrative costs will be at \$4.143 billion, a slight increase from the projected cost of \$4.107 billion in 2012. Since it is an entitlement, this total cost will likely change either upward or downward depending on eligibility and caseload factors. The funding will cover an estimated 165,000 children in foster care, which is a decrease of approximately 3,300 children. Some of the decrease is the result of reduced numbers of children in foster care. However, some is the result of the eroding edibility for federal funding due to 1996 AFDC standards. For federal fiscal year 2010, 408,425 children were in out-of-home (foster care).

Child Welfare Innovation Proposal

The Administration proposes a \$252 million (\$2.5 billion over ten years) incentive fund that is targeted to incentivize improvements in the child welfare system. Similar to last year's proposal, specific details are limited and the broad descriptions include:

- Creating financial incentives to improve child outcomes in key areas by reducing the length of stay in foster care; increasing permanency through reunification, adoption, and guardianship; decreasing rates of maltreatment recurrence and any maltreatment while in foster care; and reducing rates of re-entry into foster care
- Improving the well-being of children and youth in the foster care system, transitioning to permanent homes, or transitioning to adulthood
- Reducing costly and unnecessary administrative requirements, while retaining the focus on children in need
- Training staff and clinicians to provide effective, evidenced-based interventions that adequately address the trauma and histories and socio-emotional needs of children in care
- Provide appropriate therapeutic services and building capacity in child welfare and mental health systems.

Title IV-E Adoption Assistance Payments

Title IV-E adoption assistance funding similar to foster care is based on claims filed by states for federal reimbursement. For 2013, the projected cost for Title IV-E adoption assistance payments and administrative costs are projected to be \$2.537 billion compared to \$2.415 billion for FY 2012. An estimated 459,500 children will be helped by adoption assistance federal funding. This is a projected increase of more than 15,000 children between 2012 and 2013. States have the option to extend the age of coverage for special needs adoptions to age 21 under certain conditions.

Adoption assistance payments are designed to assist families that may need additional financial support when adopting a child who has special needs. States individually establish the definition of "special needs" children. Children considered special needs could include siblings with a goal of being adopted together, older children, children in care for several years, children with physical disabilities or children with other challenges, developmentally, physically or for health purposes. Most children in foster care are considered special needs.

When Congress tied eligibility for foster care funding to AFDC, the same link between AFDC and Adoption Assistance was also created. In 2008, the passage of the Fostering Connections Act (PL 110-351) created a gradual de-link of Adoption Assistance eligibility from the AFDC. Starting in fiscal year 2010, children newly adopted who were 16 or older were eligible without regard to AFDC eligibility. This has been adjusted downward each year. In 2013, all new special needs adoptions for children 10 or older are eligible for federal support. The link to AFDC will be completely eliminated by 2018.

Title IV-E Adoption Incentives

The Administration requests \$39 million for this year's adoption incentive fund which would be the same total as 2011 and potentially \$3 million less than this year. Funding and appropriations vary by year depending on state success in moving children to adoptive families. When Congress passed the Adoption and Safe Families Act (ASFA), they created an incentive fund under Title IV-E. If states increased the number of children adopted from foster care over a previous year's high mark, they are awarded an incentive from this appropriation. In FY 2010, 52,891 children were adopted from foster care while an additional 107,011 children awaited adoption.

Title IV-E Kinship Guardianship Assistance Payments

As a state optional entitlement, states may establish a program to support kinship-guardianship placements. The Administration projects that 14,000 children will be covered under this program an increase of 3,000 children. The cost of \$90 million in FY 2013 represents an increase of \$10 million from 2012.

Title IV-E John H. Chafee Foster Care Independence Program

The John H. Chafee Independence program is set at \$140 million in mandatory funds. The (Title IV-E) Independent Living program is targeted to assist youth who have not been placed in a permanent family and who are aging out of foster care. There is no change in funding or the program.

Education and Training Vouchers

The Administration continues funding at \$45 million for Education and Training Vouchers for youth aging out of foster care. Vouchers are provided to assist youth in foster care with their education and training needs. Funding is awarded to states by formula. The program is funded through the annual discretionary/appropriation process.

IV-E Tribal Title

The Fostering Connections Act allowed Tribal governments or consortia to apply directly to the Department of Health and Human Services (HHS) to run their own Title IV-E programs for Foster Care, Adoption Assistance and Kinship Care. Funding is provided at \$3 million to assist tribal governments in the planning and implementation of such IV-E programs. Funding remains the same.

Title IV-B, Social Security Act

Title IV-B Part 1, Child Welfare Services (CWS)

Title IV-B, Child Welfare Services is funded at \$281 million the same as last year. It was reauthorized in 2011 as part of the Children and Family Services Improvement and Innovation Act at the same authorized level of \$325 million annually. It has never been fully funded. Each state share is based on the state's population under age 21 as compared to other states. Funding can be used for a range of child welfare services, including prevention and early intervention. Some states may use their funds to address adoption and foster care expenses.

Child Welfare Training and Research

Housed under Title IV-B, the funding total under this category is \$31 million, which is an increase of \$5 million above FY 2012. From this total:

- \$7.2 million has been allocated to promote research and training for the child welfare workforce. Funding helps to provide leverage to institutions of higher learning and other non-profits by supporting their on-going projects. This initiative has been in place for more than a decade.
- *Child Welfare Innovation*. The administration proposes approximately \$19 million to continue funding for demonstration projects across the country to reduce foster care placements.
- *Exploitation of Children: Domestic Sex Trafficking*. The additional \$5 million, if appropriated, would be for competitive grants to prevent and address commercial sexual exploitation. There are approximately 100,000 children in the United States that are victims of sex trafficking. Many are in federally-funded foster care group homes and in runaway and homeless youth shelters. The funding would equip child welfare agencies and other community-based programs to address and prevent sex trafficking.

Family Connection Grants

This is a \$15 million competitive grant created as part of the Fostering Connections to Success Act. Matching grants to states and tribes allow funding for kinship navigator programs, intensive family-finding programs, and family group decision making. Applicants apply to HHS for grants lasting 1 to 3 years. Funds will be reserved for research. Given the mandatory status of this program, funding remains at \$15 million.

Title IV-B part 2, Promoting Safe and Stable Families

Promoting Safe and Stable Families (PSSF) is a combination of funding streams for different but related services. Like CWS, PSSF was reauthorized last year as part of the Child and Family Services Improvement and Innovation Act. In FY 2013, the President is requesting PSSF funding at the same levels. The funding for the original PSSF program has been divided into four broad categories: family preservation, family support, family reunification and adoption services. In addition, a portion of PSSF funding (\$30 million) is allocated for court improvement programs. Furthermore, \$20 million is designated for competitive grants to address substance abuse, while

another \$20 million is set aside for workforce development. These workforce grants are allocated to states if they meet a requirement to visit children in foster care at least once a month.

Overall, PSSF receives \$345 million in mandatory funding as well as an additional allocation of discretionary spending. The President's budget allows for the continuation of discretionary funding at \$63 million in 2013. After allocating for the various funding categories and combining mandatory and discretionary spending, the approximate totals for FY 2013 will be: \$338 million for the four main services, \$30 million for Court Improvement, \$20 million for competitive grants to address substance abuse, and \$20 million for workforce improvements.

Title IV-A, Temporary Assistance for Needy Families (TANF), Social Security Act

The Temporary Assistance for Needy Families (TANF) five year reauthorization ran out in FY 2010. It was extended for one year through FY 2011 and has received an extension through the end of this fiscal year as a result of the various bills to extend the payroll tax reduction. The Administration proposes another extension and indicated a desire to work with Congress "to strengthen the program's effectiveness in accomplishing its goals." The administration anticipates maintaining current spending in the TANF block grant at \$16.5 billion. Additionally, it proposes to extend the supplemental grants to states (\$319 million) that were a part of the 1996 law and expired last year. The Administration further proposes changes to the "contingency fund" as a way to fund the supplemental grants. Originally, the supplemental grants were allocated to 17 states to address funding disparities between states and rapid population growth. The contingency fund was established to help states address economic downturns as well. Finally, the Administration also proposes a continuation of \$150 million for fatherhood initiatives and marriage promotion programs (\$75 million each).

Child Care/Child Care Development Block Grant/CCDG

Child Care Funding has three funding streams: discretionary funding, funding based on historic spending, and funding based on states matching federal funds. Discretionary funding is appropriated each year and provided to states both by a population formula while the mandatory funding is written into the TANF law and set for five or six years at a time. This mandatory funding is divided into two sets; one of which is allocated to states based on historic spending, while the second of which is provided to states only if each state provides a match in funding.

Child Care Block Grant

Child Care and Development Block Grant would receive an overall increase of \$825 million. The Administration would provide an increase of \$500 million in mandatory/matching funds, increasing the current total of \$2.9 billion to \$3.4 billion. This would require a change to the block grant under the TANF program. In addition, the Administration would increase discretionary funding from the current \$2.2 billion to \$2.5 billion. The total increase would be \$325 million, with the Administration suggesting that funding be designated to enhance and improve the quality of child care. In total, child care funding through both discretionary and mandatory sources would amount to \$6 billion.

Head Start

Head Start funding will be increased by \$85 million, which brings its total budget to \$8.054 billion. The Administration indicates that the additional funding is intended to address inflation and to implement reforms as a result of the last reauthorization. Created in the 1960s, the Head Start program provides grants to local agencies with the aim of delivering comprehensive child development services to young children. Additionally, Head Start targets familial needs by supplying the family with essential supports and services. Although the program focuses in particular on preschoolers, in 1995, it expanded its focus to infants and toddlers with the creation of Early Head Start.

21st Century Learning Centers

21st century Community Learning Centers were created through the Elementary and Secondary Education Act (ESEA). These centers were established to support after-school programs and to expand coverage beyond traditional child care. Eligible programs include local educational agencies (LEAs), cities, counties, and community-based agencies. Applicants are required to plan their programs through a collaborative process that includes parents, youth, governmental agencies, and representatives of participating schools or local educational agencies. Funding is allocated through the US Department of Education. Funding will continue at \$1.153 billion in FY 2013; the same as this year.

Early Learning Challenge Grants

Race To the Top/Early Learning Challenge Grants are similar to the challenge grants that support K through 12 education. Funding is drawn from the overall Race to the Top Grants. Competitive grants are awarded to eligible states based on state submitted proposals. The goal is to incentivize states to bring together and coordinate early childhood programs, including child care, Head Start and state pre-kindergarten programs. This past December, nine states received an initial award, which allowed states to receive implementation grants between \$50 and \$100 million depending on the size of a state and the quality and budget of the proposal. The selection process was based on state efforts to: (1) increase the number and percentage of low-income and disadvantaged children enrolled in high-quality early learning programs; (2) design and implement an integrated system of high-quality early learning programs and services; and (3) ensure that any use of assessments conforms with the recommendations of the National Research Council's reports on early childhood. The nine states that received awards were as follows: North Carolina, Massachusetts, Washington, Delaware, Ohio, Maryland, Minnesota, Rhode Island and California.

Overall, the Administration is seeking an increase of \$350 million in the Race to the Top/Early Learning grants for FY 2013. That would bring total funding to \$850 million, and early learning funds would be drawn from this total.

Promise Neighborhoods

The Promise Neighborhoods program was created under the Obama Administration and is based on the model established by the Harlem Children's Zone. The goal is to establish a school-based program that joins together public, private, philanthropic and business community interests to develop a comprehensive model. Early on in a child's life and continuing through elementary and secondary school years, programs will wrap a range of services around the prospective

student and family with a goal of preparing students for success all the way to college and later employment. The initial grants were for planning. The Administration is seeking an increase from \$60 million to \$100 million.

Maternal Child Health Block Grant, Title V Social Security Act

Enacted in 1935 as a part of the Social Security Act, Title V provides formula funding to all states to address maternal and child health programs. The main block grant will be funded at \$640 million in FY 2013 if the Administration's proposal is approved. This is a \$1 million increase from 2012. Of the total, 85 percent of funding is distributed to states with the remaining funds for national programs. States use funding for planning and allocating services to both mothers and children. States are required to work collaboratively with other organizations to conduct comprehensive needs assessments. Once needs are assessed, states must identify priorities to comprehensively address these needs and must serve as the payer of last resort for services that do not receive coverage from any other program.

In addition, there are separate funds included under Title V (see Home Visitation below). One other program is Abstinence Education. The Administration proposes to use \$13 million from this fund to create a new initiative, which will generate and encourage the development of teen pregnancy prevention programs targeted to youth in foster care. Funding will be based on current evidence-based teen pregnancy prevention models adapted to address the needs of the foster care population, as foster youth demonstrate a higher than average rate of teen pregnancy.

Home Visitation (Maternal Child Health Block Grant) Title V Social Security Act

Created under the Affordable Care Act (ACA, PL 111-148) this program provides funding to all states to promote the use and expansion of home visitation programs. Funding must be used for evidenced-based models with a limited amount of funding available for innovative programs that show promise. To be eligible for funding, states are required to undergo a rigorous planning process and the home visitation programs must undergo substantial evaluation. Funding for the program is mandatory and includes scheduled increases. For FY 2013, funding will increase to \$400 million, an increase of \$50 million from 2012.

Teen Pregnancy Prevention

The President's budget includes an allocation of \$13 million to a teen pregnancy prevention effort that would target youth in foster care. The new initiative would be a result of a reallocation of abstinence education dollars (under Title V) that are not currently drawn down by states. HHS references some studies that indicate there is a high rate of teen pregnancy among this population. One study referenced showed that approximately half of female youth leaving foster care became pregnant by the age of 19. There is also an increased likelihood that males leaving foster care may have an increased chance of fathering a child in their teen years. Not only are many of these children in foster care lacking a permanent family, their caretakers including case workers, foster parents and other guardians may not know how to approach the topic of teen pregnancy with these young people. Historically \$12 to \$15 million of title V Abstinence Education funding is not drawn down by states. This proposal would be funded by turning the funds into a discretionary grant program. Similar to successful teen pregnancy

prevention models, grantees would be challenged to coordinate key stakeholders, programs and funding sources to address prevention amongst this population

Title XX, The Social Services Block Grant (SSBG), Social Security Act

The Social Services Block Grant (SSBG) is a federal block grant and is an entitlement to the states. In federal fiscal year 2013, it will be funded at \$1.7 billion. The Administration does not propose any changes. SSBG is generally the biggest federal source of funds of Child Protective Services (CPS), with approximately 41 states allocating around \$250 million in funds each year on purported CPS services. Almost all of the states will spend some portion of SSBG on protective services, foster care services, adoption services, services for displaced youth and other child welfare related services each year. However, it can vary from year to year. A significant portion of these SSBG dollars are TANF funds states have transferred into SSBG. SSBG funds can be spent on more than 29 categories of services that range from elderly services (e.g., home delivered meals) to children's services (e.g., child protection or child care) to disability services (e.g., to transportation or home chore services). States determine eligibility standards and can move dollars from year to year to address their most pressing needs.

The Child Abuse Prevention and Treatment Act

The Child Abuse Prevention and Treatment Act (CAPTA), first authorized in 1974 (P.L. 93-247) is the only federal legislation exclusively dedicated to the prevention, assessment, identification, and treatment of child abuse and neglect. It is a continuum of child maltreatment services and supports. The three main funding streams from CAPTA are State Grants, Discretionary Grants for research and demonstration projects, and Community Based Grants to Prevent Child Abuse and Neglect. The State Grants aim to help states improve their CPS systems and develop innovative approaches. To qualify for these grants, states must meet eligibility requirements, such as having a child protection system in place. Additionally, states must enact laws preserving victim confidentiality, appoint Guardians Ad Litem, and establish citizen review panels.

CAPTA discretionary funds support state efforts to improve their practices in preventing and treating child abuse and neglect. Funds support program development, research, training, technical assistance, and the collection and dissemination of data to advance the prevention and treatment of child abuse and neglect. These funds also support the National Child Abuse and Neglect Data System, the only federal data collection effort to annually determine the scope of child maltreatment. Funding also supports the National Office of Child Abuse and Neglect, the National Resource Center on Child Maltreatment, and the National Clearinghouse on Child Abuse and Neglect.

The Community-Based Grants support state efforts to develop, operate, and expand a network of community-based, prevention-focused family support programs that coordinate resources among a range of existing public and private organizations. Funding is allocated to states by a formula based on the number of children in a state's population.

In 2011, CAPTA became a target for legislative attempts to address the issue of child sexual abuse due to the grand jury indictment of a former Penn State University coach. CAPTA requires states to have mandatory reporting laws (i.e., certain professions that come into regular contact with children are required to report suspected abuse and neglect). Various legislative proposals would condition CAPTA funding on extending mandatory reporting laws to everyone or to expand penalties for failure to report suspected cases.

The Administration proposes the same level of funding for all three CAPTA grants for FY 2013. State Grants would be funded at \$26.4 million, CAPTA Community-Based Grants to Prevent Child Abuse and Neglect would be funded at \$41.6 million, and CAPTA Discretionary Grants would be funded at \$25.7 million.

Abandoned Infants

The Abandoned Infants program is reauthorized as part of the CAPTA reauthorization. Funding is allocated to public and private non-profit programs to prevent abandoned infants and to provide respite care in addition to safe havens for infants. Requested funding for FY 2013 is identical to 2012, \$11.5 million.

Adoption Opportunities

The Adoption Opportunities program was established in 1978 (P.L. 95-266) and was most recently reauthorized in 2003 (P.L. 108-36, with CAPTA). Funding provided for Adoption Opportunities is administered by HHS and is distributed through competitive grants and contracts. The program provides grants to address post-adoption services, the recruitment of minority families and the adoption of older children. Programs such as AdoptUSKids are a national example of some of the programs funded through Adoption Opportunities. In 2012, Adoption Opportunities was funded at \$39.4 million. It increased from \$26 to \$39 million when the Adoption Awareness Program (\$12 million) was eliminated as a standalone program. (The Adoption Awareness Program was ultimately combined with Adoption Opportunities on account of their shared mission). The \$39.4 million proposed by the Administration for FY 2013 is a continuation of current year funding.

Vulnerable Children and Youth

Victims of Child Abuse

The President's budget eliminates funding for all programs in the Victims of Child Abuse Act. The Act (P.L. 101-647) was first approved by Congress in 1990 to improve services and support for abused and neglected children. The Act provides funding to increase the number of CASA volunteers to serve abused and neglected children (currently 950 programs), to establish Child Advocacy Centers to reduce trauma for child abuse victims (currently about 700 programs), training for judges who hear child abuse cases, and for prosecutors.

Victims of Trafficking

Funding for this program would increase from \$9.7 million to \$10.5 million in 2013. The program is housed in the U.S. Department of Justice (jointly managed by the Bureau of Justice Assistance and the Office for Victims of Crime) and provides grants to local law enforcement

and victim service providers to fund collaborative efforts to identify, rescue, and assist victims of all forms of human trafficking. Funding originates from the Crime Victims Fund (CVF). The CVF is financed not from general revenue, but by the collection of fines, penalty assessments, and bond forfeitures from defendants convicted of federal crimes.

Consolidated Runaway and Homeless Youth Programs

This program is actually comprised of two: the Basic Center Program and the Transitional Living Program. The Basic Center program funds community-based programs that provide crisis intervention, temporary shelter counseling and family reunification. Centers will provide up to 21 days of shelter for a maximum of 20 youth. Funds are distributed to states by formula. The Transitional Living Program provides similar grants for youth age 16 to 22 who are living in adult-supervised group homes. Funding lasts up to 18 months. These are youth who cannot live safely at home. Funding for the two programs is again \$97.3 million (\$53 million for the Basic Centers, \$43 million for Transitional Living), which is the same as it was in 2012. There is also a national toll-free hotline that draws its funding through this budget.

Education-Prevention Grants to Reduce Sexual Abuse-Runaway Youth

This program provides grants to public and non-profit agencies for street-based services to runaway and homeless youth. Services provided to youth include the provision of basic needs, clothing, and aid-packages as well as referrals to shelters and other more permanent services. Funding for FY 2013 is the same as 2012 and is \$17.9 million.

McKinney-Vento Homeless Children and Youth

Funding for this program would remain at the same level in FY 2013 for a total of \$65.2 million. Limited funding is provided to states to assist homeless children in continuing their education despite the loss of their permanent home. Along with these funds, states are to meet specified safeguards and requirements, including having a homeless liaison designated in each school district. States must also offer transportation to and from the school of origin, immediate school enrollment if a child has moved to a new school district, continued enrollment in the school of origin if requested, and a prohibition against segregating homeless students.

Individuals with Disabilities Education Act: Infants and Toddlers (IDEA Part C)

The President is requesting an increase of \$20 million for IDEA Part C, bringing funding to \$463 million in FY 2013. IDEA Part C provides formula grants to all states to help create systems of coordinated, comprehensive, multidisciplinary, interagency programs that will provide early intervention to children with disabilities, aged birth through two. The targeted population includes families with infants and toddlers with disabilities that are experiencing developmental delays in one or more areas, including cognitive development, physical development, communication development, socio-emotional development, or adaptive development. The intervention may also include children who have a diagnosed physical or mental condition that has a high probability of resulting in developmental delay. States have the discretion to provide services to infants and toddlers who are at risk of having substantial developmental delays if they do not receive appropriate early intervention services.

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