

Flexible Funding/IV-E Waiver

Background on Flexible Funding IV-E Waiver

In 2009 approximately 7.2 billion dollars of the US Administration for Children and Families' budget were allocated to states under Title IV-E of the Social Security Act. Title IV-E funds support children in out-of-home care, subsidized guardianships, and adoptions.¹ Although these funds support very important programs, they are extremely restrictive and unable to be utilized for preventive and family support programs,² despite evidence these services are proven to prevent children from entering the foster care system.³ While Title IV-B of the Social Security Act and the Social Services Block Grant do fund some preventive services, the total budget of these programs is roughly ten percent of the federal budget for foster care and adoptions.⁴

Challenges of Federal Child Welfare Funding

Currently, states have little financial incentive to use alternative methods to keep a child out of foster care, as the child will not qualify for federal funding.⁵ This lack of flexible funds presents a major challenge to states trying to ensure the safety and wellbeing of children, as many important methods to prevent child removal, such as evidence based home visiting programs, are not funded under the current structure.⁶

Addressing Federal Funding Challenges: IV-E Waivers

In 1994, under section 1130 of the Social Security Act, Congress authorized IV-E waivers. This permitted Title IV-E funds to be used in eligible states to carry out waiver demonstrations. The demonstrations were authorized to utilize alternative methods to determine the most effective approaches to child welfare. The first demonstrations were targeted waivers and funds were allocated for specific practices, such as subsidized guardianship. In 1997, under the Adoption and Safe Families Act, the US Department for Health and Human Services expanded the scope of IV –E waivers, and continued its support for demonstration waivers.

Flexible Funding Waivers

One type of waiver that has produced significant positive changes in states participating as demonstration sites is a flexible funding waiver. This waiver allocates “fixed amounts of Title IV-E dollars to local public and private child welfare agencies in an effort to provide new or expanded services that prevent out-of-home placement and/or facilitate permanency.”⁷ Under a flexible spending waiver Title IV-E funds are given to state or county at the rate in which they spent in the year prior to the waiver – a three percent increase is given each year of the waiver. Under the waiver the funds can be used for a larger array of services including preventative services or even concrete services like rent and clothing assistance. The goal is to lower the number of children in care through the preventive and concrete services offered. A state or county must lower the number of children in placement in order create a savings that can be re-invested in the Child Welfare budget.⁸ The federal Title IV-E funding is locked at the amount spent in the year prior to the waiver (which is based on the amount of IV-E

eligible children in the foster care system for that year) – if there are not fewer children going into placement over the course of the waiver then there will be no saving to re-invest in programming and reform efforts. This type of demonstration is based on the assumption that the prevention of placement in out-of-home care through front- end services will offset the cost of these services. A IV-E waiver demonstration project must be cost neutral and can not exceed the federal reimbursement under Title IV –B or IV-E.⁹

Front-End Services

Research has shown that front-end services have the potential to:

- Decrease the incidence of abuse and neglect
- Reduce trauma to children
- Lessen the need to remove children from families and decrease length of stay in out-of-home care
- Lower costs per child¹⁰

Significant Outcomes of IV-E Waiver Demonstrations

- The positive results from the initial targeted subsidized guardianship demonstrations in Illinois and other states led to the Fostering Connections to Success and Increasing Adoptions Act of 2008, allocating Title IV-E funds for subsidized guardianship and adoption support in addition to foster care.
- Outcomes from Florida’s flexible funding waiver demonstration, which focused on expanded diversion services, intensive in-home services, enhanced relative searches, and additional investment into family team meetings, show positive outcomes in Florida’s child welfare system including:
 - A 38% decrease in the number of children served in out-of-home care since waiver implementation in 2006 – going from 29,827 children in care in 2006 to 18,534 in 2010.¹¹
 - A decrease in the median length of stay in out of home care from 12 months to 11 months between 2005 and 2009.¹²
 - A decrease in the number of children who re-entered out-of-home care within 12 months of discharge - only 9.6% of children re-entered out-of-home care in 2008, a reduction from the prior year¹³
- California implemented a flexible funding waiver in two counties, Alameda and Los Angeles, in July 2007 and received an extension until 2013. The California project entitled, Capped Allocation Program (CAP), gives counties a limited amount of funds in exchange for total flexibility in the use of those funds. The flexibility allows for the funding of a number of innovative programs including: Up-front assessments, family therapy programs, prevention programs, and delivery of concrete goods.¹⁴

Los Angeles County used the flexibility in funding to reduce staff case loads, support youth about to age out, expand the use of family conferences, and support families in order to reduce entry and re-entry into foster care. These changes created the following outcomes:

- A 22% decrease in the number of children in care since 2007 – from 20,047 children in care in 2007 to 15,650 children in care in 2011.¹⁵
- A 27% decrease in the average number of days spent in care since 2007 – from 1,209 days in 2007 to 889 days in 2011.¹⁶
- A total cost savings of \$43 million dollars by the end of 2009, which is being re-invested in the child welfare budget to offer more comprehensive services.¹⁷

2011 Child and Family Services Improvement and Innovation Act

On September 30th, 2011 President Obama signed into law the Child and Family Services Improvement and Innovation Act. This legislation spearheaded by Washington State U.S. Representative Jim McDermott and Washington State U.S. Senator Maria Cantwell, renewed authorization for the Secretary of Health and Human Services to approve IV-E waivers. The legislation allows for up to 10 separate waivers to be awarded in 2012, 2013, and 2014. The waivers cannot exceed five years in length and all waivers must end by 2019.¹⁸

The legislation sets three priority goals for the new Title IV-E Waivers and mandates that each state's plan address one or more of the goals:¹⁹

1. To increase permanency for infants, children, and youth by reducing the amount of time in foster care and promoting successful transition to adulthood;
2. To increase positive outcomes for children and families in their homes and communities, including tribal communities, and improve safety for children in their homes;
3. To prevent child abuse and neglect and the re-entry of infant, children, and youth into foster care.

As long as the one or more of the three goals are addressed in the Title IV-E Waiver Plan a state may use the waiver for a variety of demonstration projects such as flexible spending, increased service provision, or subsidized guardianships. The legislation also specifically identifies two ways in which the funding can be used²⁰:

1. To fund long term therapeutic family treatment centers that allow children and parents to live together for more than 6 months while working on a variety of issues such as mental and physical health, relapse prevention, job skills training and/or parenting.
2. To identify and address domestic violence that can endanger children and may result in out-of-home placement.

The legislation also requires that states that receive a Title IV-E Waiver make policy changes within their child welfare laws. The legislation outlines 10 policies changes and requires a state to make a minimum of two within two years of receiving the waiver or within three years of applying for the

waiver. A minimum of one of the policy changes must be a policy not implemented at the time of applying for the waiver. The 10 policies changes to choose from are as follows²¹:

1. The establishment of a bill of rights for children and youth in foster care that outlines their rights such as access to frequent visits with parents, siblings, and case workers, access to legal representation, and participation in extracurricular activities.
2. The development and implementation of a plan to meet the health and mental health needs of infants, children and youth that can include ensuring a medical home, regular wellness visits, and addresses the issues of trauma.
3. The extension of Title IV-E funding to kinship/subsidized guardianship provisions
4. The extension of Title IV-E foster care to the age of 21
5. The development and implementation of a plan that reduces the use of congregate care and ensures that congregate care is used appropriately.
6. Increasing the placing of siblings together in adoptive, foster care and kinship settings
7. The implementation of a plan to improve the recruitment and retention of quality foster family homes that may include increase foster care maintenance payments and/or expanding the availability of trainings, respite care, and other supportive services.
8. The establishment of procedures designed to assist youth in their transition out of foster care such as access to computers, cell phones, and driver's license, information on sibling placements, and counseling and financial support for post secondary education.
9. Including in the state plan a description of procedures that assure that youth who are 16 are engaged in the development of their own transition plan, that they are given appropriate guidance on potentially reconnecting with biological family members, and to make sure when it is appropriate to include family members in reconnection efforts .²²
10. The establishment of one or more programs that attempt to prevent placement into foster care and provide permanency. These programs include: family finding, kinship navigator programs, family counseling programs, family-based substance abuse treatment programs, and programs that makes special efforts to identify and address domestic violence.²³

Flexible Funding Waivers and Washington State

The Child and Family Services Improvement and Innovation Act opened the door for Washington State to apply for a Title IV-E Waiver that will allow for the flexible use of federal foster care money. If Washington State is awarded a waiver the Children's Administration will have the flexibility to spend federal funds on things such as: more concrete services and assistance, e.g. rental, clothing, and food assistance; more preventative programs that will keep family together; and more services that ensure youth aging out of foster care transition to successful adulthood. The awarding of a waiver will also ensure that state policy and laws are reformed to create a better child welfare system in the State of Washington. Washington State Federal legislators were instrumental in the passage of The Child and Family Services Improvement and Innovation Act. It is now up to folks at the state level to come together to create a competitive application for flexible funding that will allow Washington to reform and improve its child welfare system.

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- ⁴ *Ibid*,3
- ⁵ Casey Family Programs. (2010). *Ensuring safe, nurturing and permanent families for children: the need to re-authorize and expand title IV-E waivers*. Retrieved from: <http://www.casey.org/Resources/Publications/pdf/NeedForWaivers.pdf>
- ⁶ *Ibid*, 5
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- ¹⁰ *Ibid*, 3
- ¹¹ *Ibid*, 8
- ¹² *Ibid*,8
- ¹³ University of South Florida. (2010). *Evaluation brief 2: florida’s IV-E waiver demonstration project*. Retrieved from: http://cfs.fmhi.usf.edu/_docs/publications/FL-IV-EBrief2.pdf
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- ¹⁷ *Ibid*, 8
- ¹⁸ American Human Association (2011). *Policy Endorsement: Child and Family Services Improvement and Innovation Act*. Retrieved from: <http://www.americanhumane.org/children/stop-child-abuse/advocacy/child-and-family-services.pdf>
- ¹⁹ Public Law 112-34—Septemeber 30, 2011. *Child and Family Services Improvement and Innovation Act*. Retrieved from: <http://www.gpo.gov/fdsys/pkg/PLAW-112publ34/pdf/PLAW-112publ34.pdf>
- ²⁰ *Ibid*, 19
- ²¹ *Ibid*, 19
- ²² *Ibid*, 18
- ²³ *Ibid*, 18