

Section 14. Child Welfare, Foster Care, Adoption Assistance

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 in performing. Many private, nonprofit and government entities work to provide a range of child welfare services to families in need. The primary responsibility for child welfare services in the government, however, rests with the States. Each State has its own legal and administrative structures and programs that address the needs of children and there are many differences among the States. The Federal Government has also been involved in efforts to improve the welfare of children in specific areas of national concern since the early 1900's. Numerous Federal programs provide support for such services today, including several programs under titles IV-B and IV-E of the Social Security Act. In addition, services relating to child welfare may be provided at State discretion under the social services block grant program (title XX of the Social Security Act).\1\

\1\At the Federal level, programs that fund child welfare services (in addition to those under titles IV-B, IV-E and XX) include Head Start, and several programs that provide funding directed at specific problems, such as child abuse, homelessness, runaways, and teenage

pregnancy.

Child welfare services encompass a broad range of activities, including child protection, care of the homeless and neglected, child social and nutritional development, and children in out-of-home care. The services provided may be supportive (e.g., help the family cope with problems or provide protection for children while the family learns to perform appropriate parenting roles); supplementary (e.g., provide financial assistance); or substitutive (e.g., foster care).
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This typology is adapted from Kadushin, Alfred, and Judith A. Martin. Child Welfare Services. Macmillan Publishing Co., New York, 1988. pp. 26-28.

It is generally agreed that it is in the best interests of children to live with their families. To this end, experts emphasize the value of preventive and rehabilitative services intended to help families stay together whenever possible, and emphasize the need to limit the duration of foster care placements by returning children to their homes whenever appropriate and finding permanent living arrangements for children who cannot be returned home.

This philosophy is reflected in the Federal programs authorized under titles IV-B and IV-E which support services to promote the welfare of children. Title IV-B authorizes

funds to States for a broad range of child welfare services, including family preservation and family support services, and title IV-E authorizes the foster care, independent living, and adoption assistance programs. The child welfare and foster care programs are intended to operate in consort to help prevent the need for out-of-home placement of children and, in cases where such placement is necessary, to provide protections and permanent placement for the children involved. In addition, funding is provided under the foster care program to assist States with the maintenance costs of low-income (AFDC-eligible) children in foster care. The independent living program is intended to help States facilitate the transition of older children from foster care to independent living; and the adoption assistance program is primarily to help States support the adoption of AFDC- or SSI-eligible children with ``special needs'' such as ethnic background, age, membership in a sibling group, or a mental or physical handicap.

THE ADOPTION ASSISTANCE AND CHILD WELFARE ACT OF 1980
(P.L. 96-272) AND SUBSEQUENT AMENDMENTS

Federal assistance to enable States to make maintenance payments for children who were not living with a parent and had been placed elsewhere by a child welfare agency--that is, who

were living in foster care--first became available under what was then called the Aid to Dependent Children (ADC) program (title IV-A of the Social Security Act) in 1961.

Foster care under title IV-A of the Social Security Act was

amended in 1980 by Public Law 96-272. This legislation continued AFDC foster care as a required Federal matching grant

program, but transferred it to a newly created title IV-E.

It

also changed the funding mechanism for this program and the child welfare services program under title IV-B, providing linkages between the two to encourage less reliance on foster

care placement and greater use of services aimed at preventing

placement and encouraging family rehabilitation. The entitlement nature of AFDC foster care was retained, but under

title IV-E its open-endedness was potentially limited by a provision that was contingent on the funding level of title IV-

B. The legislation specified a number of protections to help

prevent inappropriate placements or long-term stays in foster

care, and a number of programs were established to provide services to specialized foster care populations. Under title

IV-E, a new Federal matching grant program for payments to parents who adopt a child with special needs was also established and permanently authorized. Funding for adoption

assistance is on an open-ended entitlement basis.

The foster care and adoption assistance programs were amended in the 99th Congress, under the Consolidated Omnibus

Budget Reconciliation Act of 1985 (COBRA, P.L. 99-272).

This

legislation also established a new entitlement program

under
title IV-E to help States facilitate the transition of
children
age 16 and over from AFDC foster care to independent
living.

The program is called the independent living program.

During the 99th Congress, legislation was also enacted
as
part of the Tax Reform Act of 1986 (P.L. 99-514) that
amended
the adoption assistance program under title IV-E to provide
for
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 payments.

During the 100th Congress, legislation was enacted to
expand the independent living program to include children
ages
16 or over who are in any foster care situation and to
provide
services for specified children for 6 months after foster
care
payments or foster care ends (P.L. 100-647).

During the first session of the 101st Congress,
legislation
was enacted as part of the Omnibus Reconciliation Act of
1989
(P.L. 101-239) to increase the authorization level of the
IV-B
program from \$266 million to \$325 million; and to extend
the
independent living program through 1992, increase the
entitlement ceiling from \$45 million to \$50 million for
fiscal
year 1990, \$60 million for fiscal year 1991, and \$70
million
for fiscal year 1992, and establish a State match beginning
for
fiscal year 1991.

During the second session of the 101st Congress, the Omnibus Budget Reconciliation Act of 1990 (P.L. 101-508) made several minor amendments to the child welfare, foster care and adoption assistance programs. Among other things, these amendments now require States to distinguish between traditional administrative costs and child placement costs which previously had been classified as administrative costs, and give States the option of providing independent living services to foster children up to age 21.

The 103rd Congress enacted significant child welfare amendments, contained in the Omnibus Budget Reconciliation Act of 1993 (P.L. 103-66), which are 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 a stable, permanent home on a timely basis. This legislation created a new capped entitlement under title 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 also includes a set-aside for grants to State courts for assessments and improvements of judicial child welfare proceedings. Public Law 103-66 authorizes a 3-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 also permanently authorizes a 75 percent matching rate for certain State training expenses.

FEDERAL CHILD WELFARE PROGRAMS TODAY

The Social Security Act contains the primary sources of Federal funds available to States for child welfare, foster care, and adoption activities. These funds include both nonentitlement authorizations (under which specific appropriations are made for a program, effective for 1 year, a fixed number of years, or permanently) and authorized entitlements (under which the Federal government has a binding obligation to make payments to any person or unit of government that meets the eligibility criteria established by law). The programs include the title IV-B child welfare services program, the title IV-E foster care program, the title IV-E adoption assistance program, and the title XX social services block grant program. Table 14-1 lists these programs, as well as the independent living program, and their funding environments.

Table 14-2 provides data on the level of Federal funds which have been used by or allocated to States under titles IV-B, IV-E and XX for fiscal years 1983 through 1993, and DHHS projections for fiscal years 1994 through 1999. Under the title XX social services block grant program, States have discretion over what portion of their allocation they will spend on child welfare, foster care and adoption activities, as well as a range of other activities not directly focused on children. As this table shows, detailed data on child welfare services spending by States under the title XX program are not available.

In addition to the funds allocated to the States or available on an entitlement basis, approximately \$10.9

million

was appropriated for fiscal year 1994 for research and demonstration activities and for direct Federal grants to public and private entities for child welfare staff training, authorized under section 426 of title IV-B.

Funds available to States from the title IV-B child welfare program and title XX social services program may be used for services to families and children without regard to their eligibility for AFDC. Federal matching funds for foster care maintenance payments under title IV-E are only provided in those cases where the child would have been eligible for AFDC if still in the home. All children determined to have ``special needs'' related to their being adopted, as defined under title IV-E, are eligible for reimbursement of certain nonrecurring costs of adoption under the title IV-E adoption assistance program. However, only AFDC- or SSI-eligible ``special needs'' children are eligible for federally matched adoption assistance payments available under title IV-E. Funds available to States for the title IV-E independent living program may be used for services which facilitate the transition of children from foster care to independent living, regardless of whether or not they receive AFDC foster care assistance.

Table 14-3 provides data on participation under the title IV-B, IV-E and XX programs. As this table demonstrates, only limited data are available on participation in these programs.

Table 14-4 shows the Congressional Budget Office projections for Federal foster care and adoption assistance for 1994 through 1999 under current law. Between 1994 and 1999, the federally funded foster care caseload is projected to increase from 245,000 to 298,000 (22 percent). Total IV-E foster care costs are expected to increase 56 percent, from \$2,670,000 in 1994 to \$4,176,000 in 1999. Over the same time period, the adoption assistance caseload is projected to increase from 91,000 to 143,000 (57 percent), while total adoption assistance costs are estimated to increase from \$308 million to \$530 million (72 percent).

TABLE 14-1.--FUNDING ENVIRONMENT OF THE FEDERAL PROGRAMS WHICH SUPPORT FOSTER CARE, CHILD WELFARE, AND ADOPTION SERVICES

Federal support of Program total	Budgetary classification

Title IV-E Foster Care Program:	
Foster care ended Federal assistance at Medicaid payments.	Authorized entitlement.... Open- match rate.
Placement ended Federal services and of 50 administrative	Authorized entitlement.... Open- match

percent.\1\ costs. Training expenses ended Federal	Authorized entitlement....	Open- match
of 75 percent. Title IV-E Adoption Assistance Program: Adoption ended Federal assistance at Medicaid payments. Nonrecurring ended Federal adoption of 50 expenses.	Authorized entitlement....	Open- match rate. Open- match
percent.\2\ Placement ended Federal services and of 50 percent. administrative costs. Training expenses ended Federal	Authorized entitlement....	Open- match Open- match
of 75 percent. Title IV-E percent Federal Independent Living funding, with a Program. ceiling.\3\ Title IV-B Child Welfare Services Program: Child welfare match of 75 services	Authorized entitlement....	100 funding Nonentitlement Federal authorization.

percent, total
(subpart 1). capped
at State

allotment.
Family Authorized entitlement.... Federal
match of 75
preservation and
percent, with a
family support funding
ceiling.\4\
(subpart 2).

Title XX Social Authorized entitlement.... 100
percent Federal
Services Block Grant
funding, with a
Program. funding
ceiling.

\1\75 percent matching is available from fiscal year 1994
through fiscal

year 1996 for certain costs related to data collection.

\2\The Federal Government reimburses 50 percent of up to
\$2,000 of

expenditures for any one placement.

\3\Beginning for fiscal year 1991, States are required to
provide 50

percent matching for any Federal funding claimed that
exceeds \$45
million.

\4\Program authorized through fiscal year 1998.

TABLE 14-2.--FEDERAL FUNDING FOR CHILD WELFARE, FOSTER
CARE, AND ADOPTION ACTIVITIES UNDER TITLES IV-B AND IV-E OF
THE SOCIAL SECURITY ACT, 1983-99,

UNDER CURRENT LAW\1\
[In millions of dollars]

Title IV-E foster care State adoption assistance				Title IV-E
claims Title XX	State use		State claims	Title IV-B child welfare services
Adminis- program	Fiscal year for IV-B, Maintenance	ration, (CWS	of FC funds SSBG	Total\3\ payments
Total\2\ Assistance	training portion)	(transfers)	CWS	Total\3\ payments
1983.....	394.8	117.9	32.6	156.3
276.9	1.3	N/A	12.6	
11.3	1984.....	147.4	32.2	165.0
445.2	297.8	5.5	25.7	
20.2	1985.....	190.9	19.6	200.0
546.2	355.3	10.2	41.8	
31.6	1986.....	213.8	14.9	198.1
605.4	391.6	14.4	55.0	
40.6	1987.....	312.9	11.3	222.5
792.6	479.7	19.8	73.7	
53.9	1988.....	342.8	5.1	239.4
891.1	548.3		97.1	

74.1	23.0	N/A		
1989.....				246.7
1,153.1	646.0	507.1	1.6	110.5
86.2	24.3	N/A		
1990.....				252.6
1,473.2	835.0	638.2	5.3	135.7
104.9	30.8	N/A		
1991.....				273.9
1,819.2	1,030.4	788.8	0.9	175.3
130.3	45.0	N/A		
1992.....				273.9
2,232.8	1,203.8	1,029.0	0.0	219.6
161.4	58.2	N/A		
1993.....				294.6
2,547.0	1,365.0	1,182.0	N/A	272.4
197.3	75.1	N/A		
1994 (estimate).....				294.6
2,606.5	1,447.0	1,159.5	N/A	325.0
235.0	90.0	N/A		
1995 (estimate).....				294.6
2,914.0	1,413.0	1,501.0	N/A	378.0
274.0	104.0	N/A		
1996 (estimate).....				294.6
3,384.0	1,684.0	1,700.0	N/A	420.0
304.0	116.0	N/A		
1997 (estimate).....				294.6
3,647.0	1,866.0	1,781.0	N/A	457.0
331.0	126.0	N/A		
1998 (estimate).....				294.6
3,997.0	2,049.0	1,948.0	N/A	492.0
357.0	135.0	N/A		
1999 (estimate).....				294.6
4,378.0	2,252.0	2,126.0	N/A	528.0
383.0	145.0	N/A		

\1\Funding for family preservation and family support services under subpart 2 of title IV-B is not included in this table.

\2\Total includes administration and training expenditures,

as well as maintenance payments, but does not include transfers to the title IV-B child welfare services program. Differences in total due to rounding.

\3\Total includes administration and training expenditures, maintenance payments, and nonrecurring payments. Differences in total due to rounding.

Source: Department of Health and Human Services.

TABLE 14-3.--PARTICIPATION IN CHILD WELFARE, FOSTER CARE, AND ADOPTION ACTIVITIES UNDER TITLES IV-B, IV-E, AND XX OF THE SOCIAL SECURITY ACT, 1983-99, UNDER CURRENT LAW\1\

State use		Title IV-		
		Title XX		
		B child	Title IV-	
E of FC funds	Title IV-E	Title IV-E	SSBG	
Fiscal year		welfare	foster	
care for IV-B,	independent	adoption	program	
assistance	CWS	living	services	
(CWS		assistance	payments	
\2\ (transfers)	program\3\	payments\2\	portion)	
1983.....			NA	
97,370	NA		5,309	NA
1984.....			NA	
102,051	NA		11,581	NA
1985.....			NA	
109,122	NA		16,009	NA
1986.....			NA	
110,586	NA		21,989	NA
1987.....			NA	
118,549	NA	20,182	27,588	NA
1988.....			NA	
132,757	NA	18,931	34,698	NA

1989.....			NA	
156,871	NA	44,191	40,666	NA
1990.....			NA	
167,981	NA	44,365	44,024	NA
1991.....			NA	
202,687	NA	45,284	54,818	NA
1992.....			NA	
222,315	NA	57,360	66,197	NA
1993.....			NA	
232,668	NA	57,918	78,044	NA
1994\3\.....			NA	
245,800	NA	NA	90,800	NA
1995\3\.....			NA	
256,400	NA	NA	102,500	NA
1996\3\.....			NA	
267,200	NA	NA	110,200	NA
1997\3\.....			NA	
278,200	NA	NA	116,300	NA
1998\3\.....			NA	
289,300	NA	NA	121,000	NA
1999\3\.....			NA	
300,900	NA	NA	125,800	NA

\1\Participation data on family preservation and family support activities under subpart 2 of title IV-B are not included in this table.

\2\Average monthly number of recipients.

\3\Estimate.

Source: Department of Health and Human Services.

TABLE 14-4.--CBO BASELINE PROJECTIONS FOR THE FEDERAL FOSTER CARE AND ADOPTION ASSISTANCE PROGRAMS

[By fiscal year, In

millions of dollars]

1996	1997	1998	1994 1999	1995
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Foster care:

	Title IV-E caseload			
	(thousands).....			
			245	
257	268	278	288	298
	Average monthly maint. payment			
	(Federal share).....			
			\$502	
\$527	\$554	\$582	\$612	\$644
	Federal costs (millions):			
	Maintenance payments.....			
			1,438	
1,552	1,763	1,943	2,116	2,299
	Administrative and child			
	placement services.....			
			1,135	
1,354	1,491	1,518	1,626	1,727
	Training.....			
			97	
104	118	131	142	150

	Total claims.....			
			2,670	
3,010	3,372	3,593	3,884	4,176

Adoption assistance:

	Title IV-E caseload			
	(thousands).....			
			91	
103	113	123	133	143
	Average monthly payment.....			
			\$211	
\$217	\$223	\$230	\$237	\$245
	Federal costs (millions):			
	Maintenance payments.....			
			230	
267	302	339	378	419
	Administrative and child			
	placement services.....			
			70	
75	80	86	91	96
	Training.....			
			9	
10	11	12	14	15

	Total claims.....			308	
351	393	437	482	530	
=====					
=====					
	Independent living: Federal costs.			70	
70	70	70	70	70	
=====					
=====					
	Total costs.....			3,025	
3,355	3,757	4,049	4,371	4,710	

Note.--Numbers may not add to totals due to rounding.

Source: Congressional Budget Office, March 1994 baseline.

THE TITLE IV-B CHILD WELFARE SERVICES PROGRAM

Subpart 1: Grants to States for child welfare services

The child welfare services program under subpart 1 of title IV-B permanently authorizes 75 percent Federal matching grants to States for services that protect the welfare of children. These services are to address problems that may result in neglect, abuse, exploitation or delinquency of children; prevent the unnecessary separation of children from their families and restore children to their families, when possible; place children in adoptive homes if restoration is not possible; and assure adequate foster care when children cannot return home or be placed for adoption. There are no Federal income eligibility requirements for the receipt of the child welfare services.

TABLE 14-5.--TITLE IV-B CHILD WELFARE SERVICES: STATE-BY-STATE

ALLOCATIONS
[In thousands of dollars]

	Fiscal years		
	1987	1992	1993
1994			
	actual	actual	actual
appropriation			
Alabama.....	4,783	5,432	5,798
Alaska.....	417	614	675
Arizona.....	3,344	4,418	4,781
Arkansas.....	2,838	3,273	3,496
California.....	20,445	27,289	30,049
Colorado.....	2,772	3,558	3,845
Connecticut.....	2,081	1,942	2,066
Delaware.....	570	717	764
District of Columbia....	386	431	448
Florida.....	9,105	11,773	12,946
Georgia.....	6,622	7,737	8,386
Hawaii.....	656	1,180	1,281

1,281			
Idaho.....	1,304	1,581	1,734
1,734			
Illinois.....	9,932	11,338	12,157
12,157			
Indiana.....	5,572	6,709	7,115
7,115			
Iowa.....	2,861	3,364	3,566
3,566			
Kansas.....	2,150	2,885	3,083
3,083			
Kentucky.....	4,154	4,883	5,192
5,192			
Louisiana.....	5,106	6,350	6,750
6,750			
Maine.....	1,313	1,443	1,533
1,533			
Maryland.....	3,440	3,924	4,256
4,256			
Massachusetts.....	2,714	4,336	4,567
4,567			
Michigan.....	8,888	10,196	10,860
10,860			
Minnesota.....	3,937	4,753	5,093
5,093			
Mississippi.....	3,519	4,177	4,438
4,438			
Missouri.....	4,958	5,798	6,218
6,218			
Montana.....	978	1,136	1,212
1,212			
Nebraska.....	1,641	1,996	2,137
2,137			
Nevada.....	775	1,170	1,326
1,326			
New Hampshire.....	950	1,028	1,078
1,078			

New Jersey.....	5,424	4,936	5,308
5,308			
New Mexico.....	1,642	2,291	2,493
2,493			
New York.....	13,529	14,490	15,530
15,530			
North Carolina.....	6,432	7,771	8,326
8,326			
North Dakota.....	750	942	983
983			
Ohio.....	10,402	12,283	13,053
13,053			
Oklahoma.....	3,332	4,144	4,428
4,428			
Oregon.....	2,586	3,283	3,576
3,576			
Pennsylvania.....	10,038	11,905	12,650
12,650			
Rhode Island.....	888	1,025	1,070
1,070			
South Carolina.....	4,015	4,747	5,101
5,101			
South Dakota.....	853	1,038	1,107
1,107			
Tennessee.....	5,001	5,933	6,329
6,329			
Texas.....	16,243	21,845	23,688
23,688			
Utah.....	2,555	3,196	3,478
3,478			
Vermont.....	632	713	750
750			
Virginia.....	4,907	5,891	6,322
6,322			
Washington.....	3,774	5,169	5,668
5,668			
West Virginia.....	2,226	2,454	2,565
2,565			

Wisconsin.....	4,672	5,639	6,033
6,033			
Wyoming.....	101	703	751
751			
American Samoa.....	N/A	175	183
183			
Guam.....	304	376	395
395			
Northern Marianas.....	110	124	127
127			
Puerto Rico.....	3,671	7,094	7,532
7,532			
Virgin Islands.....	202	311	328
328			

Total.....	222,500	273,911	294,624
294,624			

 NA: Not applicable; jurisdiction not eligible under statute.

Totals may differ from sum of State amounts because of rounding.

Source: Department of Health and Human Services.

Requirements in Public Law 96-272 limited the use of title IV-B funds for child day care, foster care maintenance payments and adoption assistance payments to the 1979 title IV-B appropriation of \$56.6 million. In addition, States are required to implement certain foster care protections for all children in foster care in order to be eligible for child welfare services funding over specified levels. (The foster care protections are described later in this section.)

The authorization level for the child welfare services

program was \$266 million annually since fiscal year 1977. The authorization level has been increased to \$325 million under Public Law 101-239 beginning for fiscal year 1990. Appropriations for the program increased from \$163.6 million in fiscal year 1981 to \$294.6 million in fiscal year 1994 (see table 14-2).

Child welfare services funds are distributed to States on the basis of their under-21 population and per capita income. Because of minimal reporting requirements under the program, there are no reliable national or State-by-State data on the exact number of children served, their characteristics, or the services provided. Table 14-5 details the State-by-State distribution of child welfare services funds for selected fiscal years.

Subpart 2: Grants to States for family preservation and community-based family support services

Grants to States for family preservation and family support services are authorized as a capped entitlement under subpart 2 of title IV-B. States currently have the flexibility to expend their child welfare services grant funds available under subpart 1 of title IV-B for family support and preservation services, but few States use a significant share of such funds for these two categories of services. Entitlement funding is authorized for 5 years, at the following ceiling levels: \$60

million in fiscal year 1994; \$150 million in fiscal year 1995; \$225 million in fiscal year 1996; \$240 million in fiscal year 1997; and either \$255 million in fiscal year 1998, or the fiscal year 1997 level adjusted for inflation, whichever is greater.

From these ceiling amounts, \$2 million in fiscal year 1994 and \$6 million in each of fiscal years 1995-1998 are reserved for use by the Secretary of HHS in funding research, training, technical assistance and evaluation of family preservation and support activities. In addition, \$5 million in fiscal year 1995 and \$10 million in each of the subsequent 3 fiscal years are reserved for a grant program for State courts (described below). Finally, 1 percent of the family preservation and family support entitlement is reserved for allotment to Indian tribes. Table 14-6 shows State allotments of family preservation and family support entitlement funds in fiscal year 1994, and estimated State allotments for fiscal years 1995-1998.

After these set-asides are made, remaining entitlement funds are allocated among States according to their relative shares of children receiving food stamps, subject to a 25 percent nonfederal match. States must submit a State plan to HHS, and must use at least 90 percent of their funds for two categories of services: family preservation services; and community-based family support services, with no more than 10 percent of funds used for administrative costs. States must devote ``significant'' portions of their allotments to each of

the two categories of services. The Federal statute does not specify a percentage or minimum amount of funds that must be used for either family preservation or family support. However, in its program guidance to States issued on January 18, 1994, HHS stated that allocations of less than 25 percent to either type of service will require a strong rationale. (Final regulations will be published by HHS in summer or fall, 1994.)

Family preservation services are intended for children and families (including extended and adoptive families) that are at risk or in crisis. Services include programs to help reunite children with their biological families, if appropriate, or to place them for adoption or another permanent arrangement; programs to prevent placement of children in foster care, including intensive family preservation services; programs to provide follow-up services to families after a child has been returned from foster care; respite care to provide temporary relief for parents and other caregivers (including foster parents); and services to improve parenting skills.

Family support services are intended to reach families which are not yet in crisis and to prevent crises, such as child abuse or neglect, from occurring. Family support services are generally community-based activities to promote the well-being of children and families, to increase the strength and stability of families (including adoptive, foster and extended

families), to increase parents' confidence and competence, to provide children with a stable and supportive family environment, and to enhance child development. Examples include parenting skills training, respite care to relieve parents and other caregivers, structured activities involving parents and children to strengthen their relationships, drop-in centers for families, information and referral services, and early developmental screening for children.

States must submit a fiscal year 1994 application to HHS no later than June 30, 1994, and a 5-year plan covering fiscal years 1995-98 by June 30, 1995. States may spend up to \$1 million of their fiscal year 1994 allotment for planning and development of their 5-year plan, with no required non-Federal match.

The Secretary of HHS is required to evaluate family preservation and family support programs and to submit interim evaluation findings to Congress by December 31, 1996, and final evaluation findings by December 31, 1998.

As stated above, a portion of the entitlement funds is reserved for a grant program to the highest State courts to assess and improve certain child welfare proceedings. The court set-aside equals \$5 million in fiscal year 1995 and \$10 million in each of fiscal years 1996-1998. A 25 percent nonfederal match is required in each of the last 3 fiscal years.

Courts will use grant funds to assess their procedures and effectiveness in determinations regarding foster care placement, termination of parental rights, and recognition of

adoptions. Courts also will use these grant funds to implement changes found necessary as a result of these assessments.

TABLE 14-6.--TITLE IV-B FAMILY PRESERVATION AND FAMILY SUPPORT SERVICES

State allotments]\1\ fiscal years 1995-98]\2\ ----- -----		[Fiscal year 1994 [Estimated State allotments	
year allotment	Fiscal year State 1996 allotment	Fiscal year 1997 allotment	Fiscal year Fiscal year 1994 1995 1998 allotment allotment
----- -----			
Alabama.....			\$1,199,639
\$2,880,911	\$4,344,445	\$4,646,141	\$4,957,838
Alaska.....			77,754
186,726	280,936	301,139	321,341
Arizona.....			1,005,253
2,414,096	3,632,104	3,893,294	4,154,484
Arkansas.....			577,604
1,387,105	2,086,955	2,237,031	2,387,107
California.....			6,925,694
16,631,924	25,023,389	26,822,863	28,622,330
Colorado.....			616,481
1,480,468	2,227,423	2,387,600	2,547,778
Connecticut.....			444,311
1,067,004	1,605,350	1,720,793	1,836,236
Delaware.....			105,524
253,413	381,271	408,688	436,106
District of Columbia.....			194,386
466,814	702,341	752,847	803,353
Florida.....			2,615,879
6,281,986	9,451,497	10,131,169	10,810,840

Georgia.....			1,555,088	
3,734,514	5,618,724	6,022,775		6,426,826
Hawaii.....			194,386	
466,814	702,341	752,847		803,353
Idaho.....			155,509	
373,451	561,872	602,278		642,683
Illinois.....			2,504,802	
6,015,235	9,050,160	9,700,970		10,351,781
Indiana.....			938,606	
2,254,046	3,391,302	3,635,175		3,879,049
Iowa.....			427,649	
1,026,991	1,545,149	1,656,263		1,767,377
Kansas.....			372,110	
893,616	1,344,481	1,441,164		1,537,848
Kentucky.....			1,083,007	
2,600,822	3,913,040	4,194,433		4,475,826
Louisiana.....			1,888,321	
4,534,767	6,822,737	7,313,370		7,804,003
Maine.....			244,371	
586,852	882,942	946,436		1,009,930
Maryland.....			760,882	
1,827,244	2,749,162	2,946,858		3,144,554
Massachusetts.....			960,822	
2,307,396	3,471,569	3,721,215		3,970,861
Michigan.....			2,304,862	
5,535,083	8,327,752	8,926,614		9,525,475
Minnesota.....			655,358	
1,573,831	2,367,891	2,538,170		2,708,448
Mississippi.....			1,155,208	
2,774,210	4,173,910	4,474,062		4,774,214
Missouri.....			1,149,654	
2,760,873	4,153,843	4,452,552		4,751,261
Montana.....			133,293	
320,101	481,605	516,238		550,871
Nebraska.....			233,263	
560,177	842,809	903,416		964,024
Nevada.....			161,063	
386,789	581,939	623,787		665,636

New Hampshire.....			94,416	
226,738	341,137	365,669		390,200
New Jersey.....			1,132,992	
2,720,860	4,093,642	4,388,022		4,682,402
New Mexico.....			455,419	
1,093,679	1,645,484	1,763,813		1,882,142
New York.....			4,043,228	
9,709,736	14,608,684	15,659,216		16,709,749
North Carolina.....			1,160,762	
2,787,548	4,193,976	4,495,572		4,797,167
North Dakota.....			99,970	
240,076	361,204	387,178		413,153
Ohio.....			2,782,496	
6,682,112	10,053,503	10,776,466		11,499,429
Oklahoma.....			694,236	
1,667,194	2,508,359	2,688,739		2,869,119
Oregon.....			510,957	
1,227,055	1,846,152	1,978,912		2,111,672
Pennsylvania.....			2,360,401	
5,668,459	8,528,421	9,141,713		9,755,004
Rhode Island.....			188,832	
453,477	682,274	731,337		780,400
South Carolina.....			805,313	
1,933,945	2,909,697	3,118,937		3,328,178
South Dakota.....			127,739	
306,764	461,538	494,728		527,918
Tennessee.....			1,327,378	
3,187,674	4,795,983	5,140,869		5,485,755
Texas.....			5,376,160	
12,910,748	19,424,733	20,821,595		22,218,457
Utah.....			294,356	
706,890	1,063,544	1,140,025		1,216,506
Vermont.....			105,524	
253,413	381,271	408,688		436,106
Virginia.....			927,499	
2,227,371	3,351,168	3,592,155		3,833,143
Washington.....			938,606	

2,254,046	3,391,302	3,635,175	3,879,049
West Virginia.....		572,050	
1,373,768	2,066,888	2,215,521	2,364,154
Wisconsin.....		821,975	
1,973,957	2,969,897,	3,183,467	3,397,037
Wyoming.....		77,754	
186,726	280,936	301,139	321,341
American Samoa.....		90,857	
122,095	149,102	154,893	160,684
Guam.....		129,726	
219,181	296,518	313,102	329,687
Northern Mariana.....		80,428	
96,047	109,551	112,446	115,342
Puerto Rico.....		1,442,746	
3,498,785	5,276,321	5,657,497	6,038,672
Virgin Islands.....		117,401	
188,397	249,776	262,938	276,101

Totals:..... 57,400,000
137,500,000 206,750,000 221,600,000 236,450,000

Set Asides:

Indians (1%).....		600,000	
1,500,000	2,250,000	2,400,000	2,550,000
T, TA & Eval.....		2,000,000	
6,000,000	6,000,000	6,000,000	6,000,000
Courts.....		0	
5,000,000	10,000,000	10,000,000	10,000,000

Subtotal..... 2,600,000
12,500,000 18,250,000 18,400,000 18,550,000

=====
=====
Total for fiscal year..... \$60,000,000

\$150,000,000 \$225,000,000 \$240,000,000
\$255,000,000

\1\Fiscal year 1994. State allotments are based on the statutory formula using Food Stamp data (section 433(c)).

Allotments for the territories and insular areas are based on the title IV-B formula (section 433(b)). The table also includes the set-asides for grants to Indian Tribes and State courts, and grants for research, evaluation, and training and technical assistance (section 403(d)).

\2\Fiscal years 1995-98. State allotments for these years should be used only for planning purposes. They are based on current information and will need to be revised when future Food Stamp data and appropriations are known.

Source: Department of Health and Human Services.

THE TITLE IV-E AFDC FOSTER CARE PROGRAM

The AFDC foster care program under title IV-E is a permanently authorized entitlement program that provides open-ended matching funds to States for the maintenance payments made for AFDC-eligible children in foster care family homes, private nonprofit child care facilities, or public child care institutions housing up to 25 people. The program is required of States participating in the AFDC program (all States participate). The Federal matching rate of total expenditures for a given State is that State's Medicaid matching rate, which averages about 57 percent nationally. States may claim open-ended Federal matching at a rate of 50 percent for their child

placement services and administrative costs for this program.

States also may claim open-ended Federal matching at a rate of

75 percent for State training expenditures (for training of personnel employed or preparing for employment by the State or

local agency administering the program, and training of foster

and adoptive parents).

States are required to provide foster care maintenance payments to AFDC-eligible children removed from the home of a

relative if the child received or would have been eligible for

AFDC prior to removal from the home and if the following apply:

(1) the removal and foster care placement were based on a voluntary placement agreement\3\ or a judicial determination

that remaining in the home would be contrary to the child's welfare and reasonable efforts were made to eliminate the need

for removal or to return the child to his home; and (2) care

and placement of the child are the responsibility of specified

public agencies. Children in the AFDC foster care program are

eligible for Medicaid; the State in which the child resides is

responsible for providing the Medicaid coverage.

\3\ ``Voluntary placement'' is defined as ``out-of-home placement of

minor, by or with participation of a State agency, after the parents or

guardian of the minor have requested the assistance of the agency and

signed a voluntary placement agreement.'' ``Voluntary

placement agreement'' is defined as ``a written agreement, binding on the parties of the agreement, between the State agency, any other agency acting on its behalf, and the parents or guardians of a minor child which specifies, at a minimum, the legal status of the child and rights and obligations of the parents or guardians, the child, and the agency while the child is in placement'' (sec. 472(ff)).

The maintenance payments under the title IV-E foster care program are for the costs of food, shelter, clothing, daily supervision, school supplies, general incidentals, liability insurance for the child, and reasonable travel to the child's home for visits.

Foster care expenditures and participation rates

The average estimated monthly number of children in AFDC foster care has more than doubled between 1983 and 1993, from 97,370 in fiscal year 1983 to 232,668 in fiscal year 1993 (see table 14-3). Table 14-7 provides a State-by-State breakdown of estimated fiscal year 1993 foster care expenditures. Note that California and New York account for almost half of the estimated fiscal year 1993 expenditures. More detailed data on foster children and their characteristics are described later

in this section.

State claims for child placement services and administrative costs for the title IV-E foster care program have increased considerably since 1981. Current HHS regulations

give the following examples of allowable child placement services and administrative costs for the foster care program:

referral to services, preparation for and participation in judicial determinations, placement of the child, development of

the case plan, case reviews, case management and supervision,

recruitment and licensing of foster homes and institutions, rate setting, and a proportionate share of agency overhead.

As

discussed later, many of these activities are required of States (i.e., they are foster care ``protections``). Table 14-7

provides a State breakdown of foster care expenditures in fiscal year 1993 between maintenance payments and administration and training expenditures. A more detailed discussion of growth in child placement services and administrative costs is contained later in this section.

TABLE 14-7.--FEDERAL FOSTER CARE EXPENDITURES UNDER TITLE IV-E, FISCAL YEAR 1993\1\

[In millions of

dollars]

Child

Child

placement

Maintenance

placement

services and

payments

services and

State

Total

administration

administration

as percent of

total

Alabama.....				\$1.51
\$3.06	\$0.11	\$4.68	65.38	
Alaska.....				1.99
2.42	0.00	4.41	54.88	
Arizona.....				7.81
9.42	0.74	17.97	52.42	
Arkansas.....				2.29
4.90	2.56	9.75	50.26	
California.....				232.18
227.57	18.31	478.06	47.60	
Colorado.....				4.90
14.42	0.95	20.27	71.14	
Connecticut.....				4.90
10.35	0.65	15.90	65.09	
Delaware.....				0.35
0.92	0.07	1.34	68.66	
District of Columbia.....				4.40
6.80	0.00	11.20	60.71	
Florida.....				14.63
28.90	2.35	45.88	62.99	
Georgia.....				8.48
14.28	1.74	24.50	58.29	
Hawaii.....				0.78
2.13	0.00	2.91	73.20	
Idaho.....				0.72
1.39	0.04	2.15	64.65	
Illinois.....				73.88
40.37	3.34	117.59	34.33	
Indiana.....				22.92
14.73	0.00	37.65	39.12	
Iowa.....				7.40
5.83	0.43	13.66	42.68	
Kansas.....				7.44
10.61	1.32	19.37	54.78	

Kentucky.....				12.73
16.98	4.35	34.06	49.85	
Louisiana.....				16.56
10.90	1.10	28.56	38.17	
Maine.....				7.20
1.32	0.92	9.44	13.98	
Maryland.....				23.82
17.38	3.40	44.60	38.97	
Massachusetts.....				26.49
30.56	0.35	57.40	53.24	
Michigan.....				47.41
54.36	1.50	103.27	52.64	
Minnesota.....				18.71
12.40	1.89	33.00	37.58	
Mississippi.....				1.56
2.22	0.31	4.09	54.28	
Missouri.....				12.71
14.68	1.68	29.07	50.50	
Montana.....				3.26
1.31	0.01	4.58	28.60	
Nebraska.....				5.38
3.19	1.59	10.16	31.40	
Nevada.....				1.61
1.20	0.07	2.88	41.67	
New Hampshire.....				3.67
3.61	0.09	7.37	48.98	
New Jersey.....				11.88
13.27	0.15	25.30	52.45	
New Mexico.....				3.56
1.21	0.69	5.46	22.16	
New York.....				416.04
345.53	17.66	779.23	44.34	
North Carolina.....				14.25
3.24	0.14	17.63	18.38	
North Dakota.....				2.49
2.44	0.48	5.41	45.10	
Ohio.....				44.82

43.24	3.92	91.98	47.01	
Oklahoma.....				5.09
2.63	0.47	8.19	32.11	
Oregon.....				7.27
6.79	0.02	14.08	48.22	
Pennsylvania.....				125.88
48.26	6.32	180.46	26.74	
Rhode Island.....				3.19
4.77	0.12	8.08	59.03	
South Carolina.....				4.72
3.45	0.65	8.82	39.12	
South Dakota.....				1.27
1.26	0.04	2.57	49.03	
Tennessee.....				9.14
5.34	1.29	15.77	33.86	
Texas.....				38.48
32.09	1.61	72.18	44.46	
Utah.....				3.03
2.80	0.13	5.96	46.98	
Vermont.....				4.18
2.37	0.10	6.65	35.64	
Virginia.....				4.46
6.57	2.36	13.39	49.07	
Washington.....				8.07
11.59	0.23	19.89	58.27	
West Virginia.....				2.24
1.59	0.44	4.27	37.24	
Wisconsin.....				18.90
23.68	0.00	42.58	55.61	
Wyoming.....				0.75
0.30	0.00	1.05	28.57	

Total.....				1,307.40
1,130.63	86.69	2,524.72	44.78	

\1\Does not include \$22 million in disputes and

reconciliations.

Totals may differ from sum of State amounts because of rounding.

Source: Department of Health and Human Services.

Foster care payment rates

Table 14-8 shows each State's basic family foster care maintenance rates that are paid out on a monthly basis, as determined in an annual survey conducted by the American Public Welfare Association (APWA). States are allowed to set them at any level; thus, the rates vary widely. For instance, in 1993 the minimum basic monthly rate for a 16-year-old foster child in the State of Ohio was \$203 compared with \$593 in the State of Connecticut and \$621 in the State of Alaska. New York City had a monthly payment rate of \$547. The nationwide average for this age group was \$393 per month compared with \$318 for 2-year-olds and \$336 for foster children that were 9 years of age.

The 1980 legislation stipulated that title IV-E foster care payments may be made for children in public institutions, whereas previously under title IV-A payments were limited to children in private nonprofit institutions or foster family homes. These public institutions may accommodate up to 25 children. Facilities operated primarily for the detention of delinquents, including forestry camps and training schools, are noneligible institutions. It is generally agreed that the costs associated with institutional care are substantially higher

345	345	345	340	400	400	400
412	484	484	484			
Colorado.....						235
296	302	313	266	296	302	313
318	352	359	372			
Connecticut.....						268
386	497	515	302	424	506	524
350	478	572	593			
Delaware.....						264
301	301	301	266	304	304	304
342	391	391	391			
District of Columbia.....						304
304	304	437	304	304	304	437
317	317	361	526			
Florida.....						233
296	296	296	233	296	296	296
293	372	372	372			
Georgia.....						300
300	300	300	300	300	300	300
300	300	300	300			
Hawaii.....						194
529	529	529	233	529	529	529
301	529	529	529			
Idaho.....						138
198	198	198	165	205	205	205
204	278	278	278			
Illinois.....						233
268	295	311	259	299	329	326
282	325	358	377			
Indiana.....						226
281	405	405	245	330	462	462
280	398	518	518			
Iowa.....						159
198	258	308	201	243	289	322
285	300	356	382			
Kansas.....						187
304	305	304	245	304	305	304
280	386	386	386			

Kentucky.....						248	
265	263	263	263	288	285		285
300	333	330	330				
Louisiana.....						199	
283	283	298	232	316	316		331
265	349	349	364				
Maine.....						244	
296	296	.....	250	304	304	.....
291	353	353	.....			
Maryland.....						285	
535	535	535	285	535	535		535
303	550	560	550				
Massachusetts.....						362	
410	410	415	362	410	410		415
433	486	486	492				
Michigan.....						315	
332	354	354	315	332	354		354
395	416	442	442				
Minnesota.....						285	
341	358	377	285	341	358		377
375	442	464	487				
Mississippi.....						130	
145	175	175	150	165	205		205
160	175	250	250				
Missouri.....						174	
209	212	212	212	255	259		259
232	281	286	286				
Montana.....						283	
307	318	322	283	307	318		322
354	384	402	406				
Nebraska.....						210	
222	326	326	210	291	393		394
210	351	463	461				
Nevada.....						275	
281	281	281	275	281	281		281
330	337	337	337				
New Hampshire.....						200	
200	200	324	251	251	251		354
354	354	354	418				

New Jersey.....						203
244	256	264	215	259	272	280
253	305	320	320			
New Mexico.....						236
258	258	258	247	270	270	270
259	281	281	281			
New York.....						312
353	353	367	375	424	424	441
434	490	490	510			
New York City.....						342
386	386	401	403	455	455	473
465	526	526	547			
North Carolina.....						215
265	265	265	215	265	265	265
215	265	265	265			
North Dakota.....						240
260	260	265	287	312	312	318
345	416	416	424			
Ohio.....						240
289	297	203	270	328	342	203
300	366	381	203			
Oklahoma.....						300
300	300	300	360	360	360	360
420	420	420	420			
Oregon.....						200
285	295	305	234	295	306	317
316	363	378	391			
Pennsylvania.....						558
303	330	306	558	319	392	357
558	377	450	459			
Rhode Island.....						223
274	270	273	223	274	270	273
275	335	330	334			
South Carolina.....						138
182	182	182	158	209	209	209
208	275	275	275			
South Dakota.....						188
237	237	251	230	291	291	308

276	349	349	370			
Tennessee.....						139
255	225	336	190	226	226	262
224	267	267	385			
Texas.....						243
420	554	476	243	420	554	476
274	420	554	476			
Utah.....						198
300	300	310	198	300	300	310
225	300	300	310			
Vermont.....						210
371	321	321	249	371	321	321
268	447	397	386			
Virginia.....						193
246	246	251	244	288	288	294
309	365	365	372			
Washington.....						184
270	278	278	227	332	342	342
268	392	405	405			
West Virginia.....						161
161	161	161	202	202	202	202
242	242	242	242			
Wisconsin.....						163
231	231	240	224	257	257	267
284	324	324	337			
Wyoming.....						300
400	400	400	300	400	400	400
330	400	400	400			

Average monthly rates..... 239
294.35 310.25 318.53 263 313.94 331.00
336.14 307 365.31 385.90 392.98

Note: Most States and/or counties supplement these basic rates with additional payments.

Source: American Public Welfare Association, March 1994.

Exclusion of foster children from AFDC assistance units

The Deficit Reduction Act of 1984 (P.L. 98-369) required that certain blood-related, adoptive parents or siblings must be included in the family unit if the family applies for income assistance under the AFDC program. Because there was no statutory exclusion for foster care recipients, AFDC operating policy required that their income be included with the family's when the family's eligibility was determined. Enacted in 1986 by Public Law 99-514, section 478 of title IV-E stated that a foster child who is receiving maintenance payments funded under title IV-E may not be considered a family member during the time the family receives AFDC, and that the child's income in the form of maintenance payments, and other income and resources, must be excluded from the family's as well.

The Omnibus Budget Reconciliation Act of 1990 (P.L. 101-508) repealed section 478 and added a new section 408 to title IV-A stipulating that foster children receiving maintenance payments under title IV-E or under State or local programs are not considered family members for purposes of AFDC. Similarly, the law now specifies that children receiving adoption assistance payments under either title IV-E or State or local law are not considered family members for AFDC purposes, unless

the family would lose benefits as a result.

THE TITLE IV-E INDEPENDENT LIVING PROGRAM

In 1986, title IV-E was amended by Public Law 99-272 (Consolidated Omnibus Budget Reconciliation Act of 1985) to include section 477, which established the independent living program to assist youth who would eventually be emancipated from the foster care system. Several surveys conducted during the mid-1980s showed that a significant number of homeless shelter users had been recently discharged from foster care.

The program's services were designed to assist adolescent youth who are not provided the benefits believed to come from reunification with their original family, or placement in an adoptive home.

An annual entitlement amount of \$45 million was established for 1987 and 1988 to provide States with the resources to establish and implement services to assist AFDC-eligible children age 16 and over make a successful transition from foster care to independent adult living when they become ineligible for foster care maintenance payments at age 18. The same amount was made available the following year and the program was expanded under Public Law 100-647. States could now provide independent living services to all youth in foster care aged 16 to 18 (not just title IV-E-eligible youth) and States could claim followup services provided to youth up to 6 months after their emancipation from substitute care. Under Public Law 101-508, States have the option of serving individuals up to

age 21 in the independent living program. Funds are allocated on the basis of each State's relative share of children receiving IV-E foster care in 1984.

Public Law 101-239 increased the amount of Federal entitlement funds available to the States for the independent living program to \$50 million for fiscal year 1990, \$60 million for fiscal year 1991, and \$70 million for fiscal year 1992. Beginning in fiscal year 1991, States are required to provide 50 percent matching for any Federal funding claimed that exceeds the original \$45 million funding level. In 1993, Congress permanently extended the authority for independent living, under Public Law 103-66.

Section 477 of title IV-E instructed HHS to carry out a study of the program's effectiveness. Under contract with HHS, Westat, Inc. completed the first phase of the study in 1989 and the second phase in 1992. The first phase is a purely descriptive assessment of the needs of youth emancipated from foster care between January 1, 1987 and July 31, 1988; States' development of independent living programs to serve these youth; and the proportion of youth served.

The first report found that independent living services offered by the States generally fall into the following categories: basic skills training (including health promotion, housekeeping, money management, decisionmaking, and food and nutrition management); education initiatives (including private tutoring, and GED and college preparation); and employment initiatives (including job training and placement, and personal presentation and social skills). In addition, 14 States held

teen conferences designed to bring these foster care youth together for workshops to provide them with supportive contacts, teach them independent living skills, focus on self-esteem building, and help prepare them for their impending emancipation from foster care.

The report concluded that emancipated youth were a troubled population. In the study population, two-thirds of 18-year-olds did not complete high school or a GED and 61 percent had no job experience. In addition, 38 percent had been diagnosed as emotionally disturbed, 17 percent had a drug abuse problem, 9 percent had a health problem, and 17 percent of the females were pregnant. The group also lacked placement stability. During the time they were in foster care 58 percent experienced at least three living arrangements and approximately 30 percent of the youth had been in substitute care for an average of 9 years. The report found evidence that Public Law 99-272 has influenced States to develop policies for services that adolescents should receive before their emancipation from foster care. Of the 49 States that responded, 22 had such a written policy before the law was enacted. By 1988, when the study was concluded, an additional 18 States had initiated the process of developing similar policies. (By 1990, all States had an independent living program plan.)

Of the total 34,600 youth emancipated from foster care during the study period, 31 percent received services through their State's formalized independent living program, 29 percent received nonformalized (but related) services, and 40 percent

received no independent living services at all.

The second phase of the Westat report was released in 1992, and follows up on youths who had been emancipated from foster care during the period from January 1987 and July 1988. Interviews were conducted with these youths between November 1990 and March 1991 about their experiences after leaving foster care. The second phase report suggests six major findings.

First, the type of skills encouraged by the independent living program was positively related to outcomes, particularly when combined training was provided in money management, credit, consumer education and employment. To achieve the best results, Westat said, skill training should be closely targeted to the outcome it is intended to improve (e.g., maintaining a job, becoming a high school graduate, avoiding young parenthood, having access to medical care when needed, etc.), and should be provided in combination with other skill areas.

Second, Westat found that young people were better off according to several measures if they completed high school before leaving foster care, rather than after discharge, regardless of whether they received skill training.

Third, Westat found that the status of older foster care youth 2½ to 4 years after discharge is "adequate at best" and services are needed for this population to improve their outcomes. For example, Westat reported that only 54 percent of the study population had completed high school, 49 percent were employed at the time of the interview, 38 percent

maintained a job for at least 1 year, 40 percent were a cost to the community in some way at the time of the interview (receiving public assistance, incarcerated, etc.), 60 percent of the young women had given birth to a child, 25 percent had been homeless for at least one night, their median weekly salary was \$205, and only 17 percent were completely self-supporting.

Fourth, Westat reported that extended family members were an important resource to former foster care youth. The majority had continuing contact with either parents or extended family members and 54 percent had gone to live with extended family members after discharge.

Fifth, Westat found that becoming a young mother, which had happened to 60 percent of the women in the study group, was associated with poorer outcomes. For example, only 47 percent of young mothers had completed high school while 67 percent of those women in the study group who had not had children completed high school. Of mothers, 21 percent completed further schooling after foster care discharge, compared with 50 percent of nonmothers. At the time of the interviews, 34 percent of mothers were employed, compared with 55 percent of nonmothers, and 23 percent of mothers had held a job for more than a year, compared with 33 percent of nonmothers.

Finally, 61 percent of the women in the study group who had given birth to children were a cost to the community,

compared
with 22 percent of those who had not had children.

Westat's last finding was that 30 percent of the study group had faced barriers to obtaining health care when needed, primarily as a result of lack of money or health insurance.

TABLE 14-9.--TITLE IV-E--INDEPENDENT LIVING FEDERAL AWARDS--FISCAL

YEAR 1993
[In thousands of dollars]

Total	State
awards	
Alabama.....	1,038
Alaska.....	13
Arizona.....	359
Arkansas.....	280
California.....	12,879
Colorado.....	826
Connecticut.....	778
Delaware.....	209
District of Columbia.....	702
Florida.....	1,018

Georgia.....
.. 1,134
Hawaii.....
.. 18
Idaho.....
.. 110
Illinois.....
.. 2,906
Indiana.....
.. 1,020

Iowa.....
.. 464
Kansas.....
.. 737
Kentucky.....
.. 792
Louisiana.....
.. 1,073
Maine.....
.. 584

Maryland.....
.. 1,238
Massachusetts.....
.. 656
Michigan.....
.. 4,082
Minnesota.....
.. 1,178
Mississippi.....
.. 514

Missouri.....
.. 1,336
Montana.....
.. 244
Nebraska.....
.. 449
Nevada.....

..	159
New Hampshire.....	
	330
New Jersey.....	
	2,371
New Mexico.....	
	214
New York.....	
	11,953
North Carolina.....	
	972
North Dakota.....	
	198
Ohio.....	
..	2,952
Oklahoma.....	
..	640
Oregon.....	
..	960
Pennsylvania.....	
..	4,785
Rhode Island.....	
	325
South Carolina.....	
	598
South Dakota.....	
	193
Tennessee.....	
..	650

Texas.....	1,842
Utah.....	209
Vermont.....	305
Virginia.....	875
Washington.....	848
West Virginia.....	335
Wisconsin.....	1,603
Wyoming.....	46

Total.....	70,000
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Source: Department of Health and Human Services.

THE TITLE IV-E ADOPTION ASSISTANCE PROGRAM

The title IV-E adoption assistance program is an open-ended entitlement program required of States that participate in AFDC (all States participate). The program is permanently authorized under title IV-E and allows States to develop adoption assistance agreements with parents who adopt eligible children with special needs. Federal matching funds are provided to States that, under these agreements, provide adoption

assistance payments to parents who adopt AFDC- or SSI-eligible children with special needs. In addition, the program authorizes Federal matching funds for States that reimburse the nonrecurring adoption expenses of adoptive parents of special needs children (regardless of AFDC or SSI eligibility).

Definition of special needs

A special needs child is defined in the statute as a child with respect to whom the State determines there is a specific condition or situation, such as age, membership in a minority or sibling group, or a mental, emotional, or physical handicap, which prevents placement without special assistance. Before a child can be considered to be a child with special needs, the State must determine that the child cannot or should not be returned to the biological family, and that reasonable efforts have been made to place the child without providing adoption assistance. States have considerable latitude in defining special needs eligibility criteria and individually determining whether a child is eligible. For example, some States add religion or not being able to place the child without subsidy to the definition of special needs.

Adoption assistance agreements and payments

An adoption assistance agreement is a written agreement between the adoptive parents, the State IV-E agency, and other

relevant agencies (such as a private adoption agency) specifying the nature and amount of assistance to be given. Under the adoption assistance agreement, States may make monthly adoption assistance payments for AFDC- and SSI-eligible children with special needs who are adopted.

Adoption assistance payments are based on the circumstances of the adopting parents and the needs of the child. No means test can be used to determine eligibility of parents for the program; however, States do use means tests to determine the amount of the payment. Payments may be adjusted periodically if circumstances change, with the concurrence of the adopting parents. However, the payments may not exceed the amount the family might have received on behalf of the child under AFDC foster care for foster family care. Adoption assistance payments may continue until the child is age 18, or, at State option, age 21 if the child is mentally or physically handicapped. In addition, payments are discontinued if the State determines that the parents are no longer legally responsible for the support of the child. Federally subsidized payments may start as soon as an agreement is signed and the child has been placed in an adoptive home. Parents who have been receiving adoption assistance payments must keep the State or local agency informed of circumstances that would make them ineligible for payments, or eligible for payments in a different amount.

The Federal matching rate for the adoption assistance payments is based on each State's Medicaid matching rate (which

ranges from 50 to 83 percent depending on State per capita income, and averages about 57 percent nationally). States may also claim open-ended Federal matching for the costs of administering the program (50 percent) and for training both staff and adoptive parents (75 percent).

Not all families of adopted IV-E eligible children with special needs actually receive adoption assistance payments.

(The adoptive parents' circumstances may be such that an adoption subsidy is not needed or wanted.) Adopted AFDC or SSI eligible children with special needs are also eligible for Medicaid if an adoption assistance agreement is in effect, whether or not adoption assistance payments are being made. Therefore, there are some IV-E eligible children with special needs for whom adoption assistance payments are not made but who are eligible for Medicaid.\4\

\4\States also have the option under the Medicaid program to provide Medicaid coverage for other special needs children (those not eligible for AFDC or SSI) who are adopted if they have been identified as a special category of medically needy children under a State's Medicaid program. Pursuant to the 1985 budget reconciliation legislation, effective October 1, 1986, a child for whom an adoption assistance agreement is in effect is eligible for Medicaid from the State in which the child resides regardless of whether the State is the one with which the adoptive parents have an adoption assistance

agreement.

The structure of adoption subsidy programs varies across States. Some States offer basic maintenance payments and also allow additional payments for certain activities (such as family counseling) or for certain groups of children (such as children with severe handicaps). Other States offer one level of payment to everyone with no special allowances. Some States allow parents to request changes in payment levels on a regular basis if circumstances change for a child, and others allow very little change once the adoption agreement is signed. Some States start payments as soon as placement is made, and others not until the adoption is finalized. Also, payments may not start immediately upon adoption finalization but may be written into agreements to start at a later date if it is thought that the child's circumstances will warrant payments as the child gets older.

Not all children who receive adoption subsidies from States are eligible for Federal IV-E funds. The American Public Welfare Association (APWA) estimates that at the end of 1990 (the latest year for which data are available), approximately 52 percent of the estimated 99,000 children nationwide whose families received adoption subsidies were IV-E eligible. The

non-IV-E children's adoption subsidies are paid solely by the State in which their adoption agreement was signed. States differ in whether comparable IV-E children and non-IV-E children receive similar adoption subsidy amounts.

More detailed data on adoptive children and their characteristics are presented later in this section.

Nonrecurring adoption costs

The adoption assistance program also authorizes Federal matching funds for States to pay the one-time adoption expenses of parents of special needs children (regardless of AFDC or SSI eligibility). To qualify, the children must be covered by an adoption assistance agreement. Effective January 1, 1987, parents may receive reimbursement of up to \$2,000 for these nonrecurring adoption expenses under the adoption assistance program, and States may claim 50 percent Federal matching for these payments. Qualified adoption expenses are defined as reasonable and necessary adoption fees, court costs, attorney fees, and other expenses which are directly related to the legal adoption of a child with special needs. States vary in the maximum amount they allow parents to receive under this provision. (See table 14-10 for State-by-State data on maximum reimbursement rates.) Regulations for the program were not published until 1988. Prior to January 1987, up to \$1,500 of nonrecurring costs of adopting a child with special needs could be claimed as a tax deduction. The 1986 tax reform legislation repealed the adoption expense deduction.

By May 1991, the majority of States had implemented

programs to reimburse parents for nonrecurring adoption expenses. However, average reimbursements have not equaled the \$2,000 Federal cap, with the average payment being \$664 in 1992. According to the American Public Welfare Association, most States report that actual repayment of nonrecurring adoption expenses has not created the degree of financial or administrative burden initially feared by most States. One reason is that a lower number of applicants and eligible children have been served than initially expected. This is partially due to lower numbers of requests being processed by nonpublic agency adoption sources, which do not process special needs adoptions at the same volume as public agencies. A second reason is that the expenses claimed have not been excessively costly to reimburse because many items are already covered under the States' adoption programs.

TABLE 14-10.--STATE REIMBURSEMENT OF NONRECURRING ADOPTION COSTS, 1992

Estimated average payment as of May 1991	Estimated average payment State as of April 1992	Has your State implemented the Major reimbursement cost(s) reimbursement program?	Maximum payment
Alabama.....	Yes.....		\$1,000

\$350	\$412	Attorney fees.	
Alaska.....		Yes.....	2,000
1,200	829	Attorney fees.	
Arizona.....		Yes.....	2,000
2,000	1,596	Agency fees.	
Arkansas.....		Yes.....	1,500
100	500	Legal fees.	
California.....		Yes.....	400
400	400	Agency fees.	
Colorado.....		Yes.....	800
250	250	Legal fees especially filing.	
Connecticut.....		Yes.....	750
90	90	Probate court fees.	
Delaware.....		Yes.....	2,000
300	300	Legal fees.	
District of Columbia.....		No/1/.....	
2,000		.....
.			
Florida.....		Yes.....	1,000
400	400	Attorney fees, hotel cost for	
intrastate placement.			
Georgia.....		Yes.....	700
400	400	Legal fees.	
Hawaii.....		Yes.....	2,000
N/A	N/A	.....
Idaho.....		Yes.....	2,000
N/A	350	Attorney fees.	
Illinois.....		Yes.....	1,500
N/A	N/A	.....
Indiana.....		Yes.....	1,500
635		.....
Iowa.....		Yes.....	(\2\)
700	700	Legal fees.	
Kansas.....		Yes.....	2,000
N/A	N/A	.....
Kentucky.....		Yes.....	1,000
378	378	Attorney fees.	

Louisiana.....	Yes.....	1,000
400	600 Legal costs.	
Maine.....	No	
\3\.....	.....	.....
.....		
Maryland.....	Yes.....	2,000
N/A	2,000 Home study by private agency.	
Massachusetts.....	Yes.....	2,000
400	.....
Michigan.....	No\4\.....	
2,000	.....	.....
.		
Minnesota.....	Yes.....	2,000
2,000	2,000 Agency fees, esp. for	
interstate adoptions,		
transportation.		
Mississippi.....	Yes.....	1,000
500	500 Attorney fees.	
Missouri.....	Yes.....	2,000
N/A	\5\45 Legal fees.	
Montana.....	Yes.....	2,000
1,000	1,000 Attorney fees, home study by	
private agency.		
Nebraska.....	Yes.....	1,500
N/A	.....
Nevada.....	Yes.....	250
250	250 Legal fees.	
New Hampshire.....	Yes.....	2,000
2,000	2,000 Home study.	
New Jersey.....	Yes.....	2,000
N/A	850 Home study, legal fees.	
New Mexico.....	Yes.....	2,000
500	500 Legal fees.	
New York.....	Yes.....	2,000
500	500 Legal fees.	

North Carolina.....	Yes.....	\6\2,000
N/A	176 Legal fees.	
North Dakota.....	Yes.....	2,000
350	540 Legal fees, home study by	
private agency.		
Ohio.....	Yes.....	2,000
761	672 Legal fees.	
Oklahoma.....	Yes.....	2,000
2,000	350 Attorney fees.	
Oregon.....	Yes.....	2,000
300	\7\450 Legal fees.	
Pennsylvania.....	Yes.....	2,000
N/A	\8\700	
Rhode Island.....	Yes.....	1,000
N/A	902 Home study by private agency.	
South Carolina.....	Yes.....	1,500
750	750 Legal fees.	
South Dakota.....	Yes.....	1,500
650	650 Legal fees and travel.	
Tennessee.....	Yes.....	2,000
700	700 Legal fees.	
Texas.....	Yes.....	1,500
N/A	N/A	
Utah.....	Yes.....	2,000
327	327 Attorney fees.	
Vermont.....	Yes.....	2,000
1,500	1,500 Home study by private agency.	
Virginia.....	Yes.....	2,000
280	\9\396	
Washington.....	Yes.....	1,500
655	780 Legal fees.	
West Virginia.....	No\10\.....	
2,000	.....
.		
Wisconsin.....	Yes.....	2,000
486	468 Agency fees or home study by	

private agency.
 Wyoming..... Yes..... 2,000
 350 350 Legal fees.

 Average..... 1,651
 682 664

 \1\District of Columbia: Legislation is necessary to authorize reimbursement for costs; amount indicated is the proposed amount.

\2\Iowa: Any expenses over \$500 that fall under special services category, e.g., supplies, equipment, counseling, must be submitted to department for approval. The department has not set a ceiling on the amount available under the reimbursement program.

\3>Maine: Legislation recently enacted for summer 1992 implementation.

\4\Michigan: Legislation has been enacted. Implementation scheduled for the near future.

\5\Missouri: Low cost of legal fees is due to successful efforts to secure pro bono legal representation.

\6\North Carolina: Program effective date was 7/1/91.

\7\Oregon: Private agencies have raised their fees to \$2,000.

\8\Pennsylvania: The average payment amount indicated is for the first quarter of fiscal year 1992, October 1, 1991, through December 31, 1991.

\9\Virginia: The estimated average payment is for the period 6/91 through 3/92.

\10\West Virginia: Implementation target date is September 1992.

Note: Legal fees include attorney fees, court costs, and birth certificate; Agency fees include training, home study, attorney and court costs, and post placement supervision.

Source: American Public Welfare Association, Administrators

of the Interstate Compact on Adoption and Medical Assistance.

Adoption assistance expenditures

The number of children on whose behalf monthly adoption assistance payments are made and the Federal expenditures for these payments have increased significantly since the program began. In fiscal year 1981, only 6 States participated in the program, with payments being made for an average of 165 children per month. In fiscal year 1993, 50 States plus the District of Columbia participated, and served an average monthly number of 78,044 children (see table 14-11).

TABLE 14-11.--ADOPTION ASSISTANCE STATE CLAIMS, FISCAL YEARS 1990-93, AND AVERAGE NUMBER OF CHILDREN RECEIVING ADOPTION ASSISTANCE, FISCAL YEAR 1993

[In thousands

of dollars]

Fiscal year

1993

Name of State

Average

1990	1991	1992	1993	monthly
Claims	Claims	Claims	Claims	number of
children				

Alabama.....				
\$384	\$1,054	\$1,064	\$1,195	229
Alaska.....				
170	360	590	839	185
Arizona.....				
1,182	1,338	1,661	3,117	552
Arkansas.....				
507	582	676	1,241	241
California.....				
19,742	27,747	30,228	36,623	10,860
Colorado.....				
774	1,177	1,120	1,961	554
Connecticut.....				
1,137	1,529	2,634	3,652	865
Delaware.....				
251	330	374	413	171
District of Columbia.....				
772	(191)	820	1,269	226
Florida.....				
5,354	5,357	7,974	8,257	2,890
Georgia.....				
1,076	1,341	2,064	3,146	849
Hawaii.....				
81	47	160	243	60
Idaho.....				
294	330	364	570	143
Illinois.....				
4,643	4,376	5,691	7,558	3,637
Indiana.....				
1,636	2,540	4,021	5,711	1,390
Iowa.....				
996	2,878	2,745	2,923	1,134
Kansas.....				
539	725	878	1,576	968
Kentucky.....				
2,206	2,692	2,927	3,052	694
Louisiana.....				
1,481	2,746	5,829	7,656	1,026

Maine.....	984	1,229	2,294	2,646	427
Maryland.....	1,005	1,219	1,679	2,385	358
Massachusetts.....	3,618	5,010	6,232	7,134	1,379
Michigan.....	11,881	14,202	17,538	21,868	6,299
Minnesota.....	1,101	1,462	1,707	4,003	816
Mississippi.....	351	398	416	410	236
Missouri.....	1,695	2,470	5,452	4,674	2,447
Montana.....	192	603	530	631	173
Nebraska.....	665	767	992	1,179	481
Nevada.....	162	204	249	333	79
New Hampshire.....	295	438	623	600	349
New Jersey.....	2,844	4,157	5,031	6,009	2,047
New Mexico.....	1,178	1,609	1,817	1,798	575
New York.....	33,336	39,200	44,422	57,520	14,934
North Carolina.....	739	836	1,092	1,748	912
North Dakota.....	172	250	353	466	94
Ohio.....	9,608	14,167	18,850	22,964	5,901
Oklahoma.....	1,069	1,161	1,632	1,960	401
Oregon.....					

969	1,547	2,371	2,804	1,481
Pennsylvania.....				
2,960	4,263	5,437	6,820	2,730
Rhode Island.....				
3,069	3,353	3,612	4,399	500
South Carolina.....				
1,568	1,766	2,063	2,235	549
South Dakota.....				
50	492	544	555	230
Tennessee.....				
1,345	2,010	2,098	3,573	617
Texas.....				
4,546	5,233	6,744	9,142	2,634
Utah.....				
376	447	668	748	205
Vermont.....				
1,147	1,248	1,749	2,009	313
Virginia.....				
1,014	1,655	1,961	2,291	1,104
Washington.....				
620	2,055	4,007	1,987	1,652
West Virginia.....				
197	230	257	285	67
Wisconsin.....				
3,714	4,565	5,290	6,171	1,365
Wyoming.....				
45	79	112	60	15

Total.....				
135,740	175,283	219,642	272,409	78,044

Totals may differ from sum of State amounts because of rounding.

Source: Department of Health and Human Services.

Federal expenditures for the assistance payments

portion
have increased from less than \$400,000 in fiscal year 1981
to
an estimated \$235 million in fiscal year 1994, and are
expected
to be \$274 million in fiscal year 1995.

U.S. Department of Health and Human Services (HHS) data
indicate that expenditures for child placement services and
administration for the adoption assistance program have
increased significantly in recent years, as with the title
IV-E
foster care program. In fiscal year 1981, claims totaled
\$100,000; in fiscal year 1994 they will total an estimated
\$90
million and are expected to be \$104 million in fiscal year
1995. States may claim matching funds for the following
placement service and administrative activities:
recruitment of
adoptive homes, placement of the child in the adoptive
home,
home studies of the prospective adoptive home, case
planning,
case management, and case review activities during the
preadoptive period.

PROTECTIONS FOR CHILDREN IN FOSTER CARE

PROTECTIONS LINKED TO TITLE IV-B CHILD WELFARE SERVICES FUNDING

To encourage States to use their title IV-B allocations
to
fund services to help keep families together and prevent
the
placement of children in substitute care, the 1980
legislation
requires that if the title IV-B appropriation exceeds the
Federal appropriation in 1979 (\$56.5 million) States may
not
use any of these funds in excess of their allocation of
\$56.5

million for foster care maintenance payments, adoption assistance, or work-related child care. Appropriations for title IV-B have consistently exceeded this amount.

Further, if the appropriation for the title IV-B program exceeds \$141 million in any year, States are not eligible for any of their allotment above this amount unless certain protections have been implemented: (1) a one-time inventory of children in foster care more than 6 months, to determine the appropriateness of (and necessity for) the current foster care placement, whether the child should be returned to his parents or freed for adoption, and the services necessary to achieve this placement goal; (2) a statewide information system from which the status, demographic location, and placement goals of every child in care for the preceding 12 months can be determined; (3) a case review system to assure procedural safeguards for each child in foster care, including a 6-month court or administrative review and an 18-month dispositional hearing to assure placement in a setting that is the least restrictive (most family-like) setting available, in close proximity to the original home, and in the best interest of the child; (4) a reunification program to return children to their original homes. These provisions are contained in section 427 of the act.

In addition to the procedures specified above, States must implement a preplacement preventive service program if the title IV-B appropriation amount is \$325 million for 2

consecutive years. If all these procedures and programs are not implemented by a State, its allotted amount of title IV-B funds is reduced to its share of the \$56 million it received in fiscal year 1979. Through fiscal year 1994, the amount appropriated to title IV-B has never been sufficient to trigger this provision.

The review process for enforcing compliance with these provisions is discussed later in this section.

MANDATORY PROTECTIONS FOR FOSTER CHILDREN FUNDED UNDER TITLE IV-E

The 1980 legislation also strengthened the State plan requirements for title IV-E foster care or adoption assistance payments to emphasize protections for foster children originating from families eligible for AFDC at the time of placement. By law, for children receiving payments under the title IV-E State plan, States must establish: (1) by fiscal year 1984, specific goals as to the maximum number of children in care more than 24 months, and a description of the steps they will take to meet these goals; (2) a case plan review system to be conducted every 6 months on each child in foster care including:

- a written document describing the child's placement and its

- appropriateness;

- a plan, if necessary, for compliance with requirements made

- by judicial determination;

- a plan of services to be provided to improve family conditions and facilitate the reunification of the child with his or her family, or--if this is not possible--to provide for a permanent placement and/

or

otherwise serve the needs of the child during the time

it is placed in foster care; and
(3) beginning in fiscal year 1984, that case plans must show that reasonable efforts have been made prior to placement to prevent the need for placement or to return the child home if removed. As of the same date, eligibility for Federal matching funds for cases involving a judicial placement requires a determination by the court that these efforts have been met.

As a result of legislation passed in the 101st Congress, a foster child's case record must now include his or her health and education records. Beginning in fiscal year 1990, the names and addresses of the child's health and educational providers must be recorded as well as the child's grade level performance, school record, and assurances that the child's placement takes into account the proximity of the school in which the child was enrolled at the time of placement. In addition, a record of the child's immunizations, known medical problems, required medications, and other relevant information must be included.

The 1980 law also provided sanctions for noncompliance with these State plan requirements and mandated an independent audit of States' title IV-E programs (including adoption assistance) in an administrative review. The review process is described later.

``REASONABLE EFFORTS REQUIREMENT''

Public Law 96-272 includes the requirement that reasonable efforts must be made to prevent the placement of a child in foster care, and to reunify a foster child with his or her parents. The Social Security Act specifies the requirement in two separate provisions. First, in order for a State to be eligible for title IV-E funding, its State plan must specify that reasonable efforts will be made prior to the placement of a child in foster care to prevent the need for foster care and make it possible for the child to eventually return home (sec. 471 (a)(15)). Second, for each child entering foster care after October 1, 1983, a judicial determination must be made that there were reasonable efforts to prevent placement in substitute care (sec. 472(a)(1)).

A 1984 policy announcement issued by ACYF (ACYF-PA-84-1) and a subsequent Federal regulation issued by the Department in 1986 (45 CFR 1356-7), do not define the term ``reasonable efforts''; instead this definition has been left to States. State compliance with Federal reasonable efforts provisions are audited in title IV-E reviews by HHS.

According to a 1987 American Bar Association (ABA) publication by Debra Ratterman, G. Diane Dodson, and Mark A. Hardin, a total of 21 States had statutes addressing the judicial determination of reasonable efforts as of 1986. The ABA reports that States have continued to develop statutory guidelines since 1986. The ABA report found that State agencies also play a role in defining reasonable efforts through

their interpretation of State court requirements to provide preplacement preventive services.

In addition to placement, adherence to reasonable effort is a requirement for the termination of parental rights in many States. For example, New York's statute specifies ``diligent efforts,'' which require that prior to the termination of parental rights an authorized agency must: consult and cooperate with the parents of a child in developing a plan for the provision of appropriate services, make suitable arrangements for the parents to visit the child, provide services and other assistance to the parents, inform the parents at appropriate intervals of the child's health, and make suitable arrangements with a correctional facility if one of the parents is incarcerated and visiting with the child would be in the best interest of the child.

The interpretation of reasonable efforts varies substantially from State to State. According to the 1987 ABA report, the State of Florida defines reasonable efforts as ``the exercise of ordinary diligence and care by the division.'' Definitions which go further also differ in fundamental ways. For example, Arkansas statutes state that ``reasonable efforts means the exercise of reasonable diligence and care by the responsible State agency to utilize available services related to meeting the needs of the juvenile and the family,'' but the definition of reasonable effort in the State of Missouri ``assumes the availability of a reasonable program of services to children and their families.''

However, there is anecdotal evidence that at least some jurisdictions are not interpreting the requirement in the

best

interest of the families and children it is designed to protect. Representatives of the ABA report that in some cities the placement of children in foster care and the termination of parental rights is routinely ordered by court judges without reviewing (or in some cases requiring) documentation that reasonable efforts were adhered to by the placement agency. Because in these cases there is no review of agency practices, families that could benefit from preplacement prevention services may not receive them and children may be unnecessarily placed in foster care.

An assessment of the New York City Child Welfare Administration conducted by the New York State Department of Social Services and published in May 1989, found that in a review of 46 cases in which placement occurred, seven did not document that reasonable efforts were followed. Of the remaining cases, 24 contained adequate documentation, and in 15 cases, reasonable efforts were deemed unnecessary because the child was determined to be in immediate danger, and emergency placement was granted.

As a result of the lack of definition of the term ``reasonable efforts'' in either the Federal statute or the Federal regulations, Federal courts are more and more becoming a source of direction for defining reasonable efforts in individual cases. Nationwide, foster children, parents, and advocacy groups have brought suits against State and local child welfare systems challenging their failure, in whole or in part, to make reasonable efforts to preserve or reunify families. Litigation efforts have been designed to force

reform
of inadequate child welfare systems. Federal courts are
also
becoming increasingly involved in the child welfare system,
although this has traditionally been an area that has been
within exclusive State jurisdiction. Many of the child
welfare
suits brought against government officials address
significant
issues that affect the constitutional and statutory rights
of
children. The result of much of this litigation has been
the
imposition of governmental liability for action as well as
inaction in the administration of child welfare agencies,
and
increased Federal judicial intervention in the operation of
child welfare agencies.

Federal courts are becoming increasingly involved in
interpreting the reasonable efforts requirement, and in the
administration of the child welfare system. On March 25,
1992,
the U.S. Supreme Court decided in *Suter v. Artist M.*, an
Illinois case, that the reasonable efforts requirement of
the
Adoption Assistance and Child Welfare Act does not confer a
private right, on the child beneficiaries of the act, to
enforce its provisions under 42 U.S.C. 1983, which is a
general
law creating a right to sue a State official or agency for
``deprivation of any rights, privileges, or immunities
secured
by the Constitution and laws.'' Moreover, the Court also
decided that the beneficiaries of the act--abused and
neglected
foster children--could not enforce its provisions through
an
implied right of action under the act itself.

The plaintiffs, abused and neglected children in State
custody, brought suit under the Adoption Act and under 42
U.S.C. 1983 alleging that the State social services agency

failed to (1) make ``reasonable efforts'' to prevent the removal of children from their homes, (2) make ``reasonable efforts'' to reunify children who have been removed from their homes with their families, (3) notify appropriate agencies when a child is mistreated while placed in another home, and (4) develop case plans to assure proper services are provided to children while in placement. The defendants in the case, State officials, questioned the appropriateness of involvement by the Federal judiciary in the resolution of child welfare disputes, and in the operation of child welfare systems.

Both the district court and the seventh circuit court of appeals held that ``reasonable efforts'' requirements of the Adoption Act conferred enforceable rights on the child beneficiaries which were sufficiently specific to be enforceable in an implied cause of action directly under the Adoption Act or in an action brought under 42 U.S.C. 1983. The Supreme Court reversed, and construed the ``reasonable efforts'' requirement to impose only a generalized duty on the State, to be enforced not by the child beneficiaries, but by the Secretary of Health and Human Services either through the reduction or elimination of payments or the denial of reimbursements for lack of compliance. The Court found that the Adoption Act does not create any rights, privileges, or immunities within the meaning of section 1983, and fails to provide the ``unambiguous notice'' that is necessary before States receiving Federal grants can be subjected to suit.

DETERMINING STATE COMPLIANCE WITH FEDERAL REVIEW
REQUIREMENTS

As described earlier, section 427 of title IV-B specifies the child protections that must be in place in order for a State to receive its allotment of appropriated title IV-B funds in excess of \$141 million. Over time, these ``incentive funds'' have grown in importance, rising from just 10 percent (\$15.3 million) of the total amount appropriated for title IV-B in 1982, to 52 percent (\$153.6 million) of the appropriation for 1994.

REQUIRED CHILD PROTECTIONS

In 1980, following the enactment of Public Law 96-272, HHS identified a total of 18 child protections required by section 427 of title IV-B. In what came to be known as ``427 reviews,'' the caseload of each State receiving incentive funds is examined to determine compliance with these child protections. States are not required to initiate this review process, but all States have elected to undergo reviews in order to receive the substantial incentive funds. The HHS reviews require the following:

- that the case plan for each child include a:
 - (1) description of the type of home or institution in which the child is to be placed;
 - (2) discussion of the appropriateness of the placement;

(3) plan to achieve placement in the least restrictive (most family-like) setting;

(4) plan for placement in close proximity to the parents' home, consistent with the best interest and special needs of the child;

(5) statement of how the responsible agency plans to carry out the voluntary placement agreement or judicial determination;

(6) plan for ensuring that the child will receive proper care;

(7) plan for providing services to the parents, child, and foster parents to improve conditions in the parents' home and facilitate the return of the child to the home, or into a permanent placement;

(8) plan for services to address the needs of the child while in foster care;

(9) discussion of the appropriateness of services provided;

--that the status of each child in foster care be reviewed periodically but no less frequently than once every 6 months by a court or administrative review (see protections 14 and 15) to determine the:

(10) continuing necessity for and appropriateness of placement;

(11) extent of compliance with the case plan;

(12) extent of progress made toward alleviating or `mitigating' the causes of foster placement;

(13) likely date the child may be returned home or placed for adoption or provided legal guardianship;

--that all administrative reviews must:

(14) be open to the participation of the parents;

(15) be conducted by a panel of appropriate persons,
 at least one of whom is not responsible for the case management of, or the delivery of services to, the child or parents;
 --that procedural safeguards that pertain to parental rights are followed when:
 (16) the child is removed from the parents' home;
 (17) a change is made in the child's placement;
 (18) any determination of the parents' visitation privileges is made.

TABLE 14-12.--REQUIREMENTS OF SECTIONS 427 AND 475 AND HHS'S

COMPLIANCE REVIEW COMPONENTS

Requirement component	Description	Review
Inventory, sec. 427(a)(1). Administrative review.	Includes all children in foster care under State responsibility for 6 months preceding the inventory. State determines appropriateness of and necessity for current foster placement. Whether a child can or should be returned to parents or be freed for adoption. Services necessary	

to facilitate
either the return
of a child or the
child's placement
for adoption or
legal guardianship.

Statewide information
Administrative review.
system, sec. 427(a)(2)(A).

Includes status,
demographic
characteristics,
location, and
placement goals of
foster children in
care the preceding
12 months.

Service program, sec.
Administrative review.
427(a)(2)(C).

To help children
where appropriate,
return to families
or be placed for
adoption or legal
guardianship.

Case plan, sec.
requirement of
427(a)(2)(B).
record review.

A written document Major
that includes: case
a plan to achieve

Protection 3.

placement in the
least restrictive
(most family-like)
setting available.
a plan for placement

Protection 4.

in close proximity
to the parents home
consistent with the
best interest and

- special needs of
the child (sec.
475(5)(A)).
a description of
- Protection 1.
- type of home or
institution in
which a child is to
be placed.
a discussion of
- Protection 2.
- appropriateness of
placement.
a statement of how
- Protection 5.
- the responsible
agency plans to
carry out the
voluntary placement
agreement or
judicial
determination made
in accordance with
sec. 472(a)(1).
a plan for ensuring
- Protection 6.
- that the child will
receive proper care.
a plan for providing
- Protection 7.
- services to the
parents, child, and
foster parents to
improve conditions
in the parents home
and facilitate the
return of the child
home or permanent
placement.
a plan for services
- Protection 8.

	to address the needs of a child while in foster care.	
Protection 9.	a discussion of	
	appropriateness of services provided.	
of 427	where appropriate	Not part
	for a child 16 or over, a description of programs and services to prepare for transition to independent living.	review.
Case reviews, sec.	Status of each child	Major
requirement of 427(a)(2)(B).	is reviewed	case
record review.	periodically but not less frequently than once every 6 months by a court or administrative review to determine: continuing necessity	
Protection 10.	for and appropriateness of placement.	
	extent of compliance	
Protection 11.	with case plan.	
	extent of progress	
Protection 12.	made toward alleviating or 'mitigating' causes of foster	

	placement.	
	likely date child	
Protection 13.	may be returned home or placed for adoption or provided legal guardianship.	
	Administrative review means: open to	
Protection 14.	participation of the parents. conducted by panel	
Protection 15.	or appropriate persons, at least one of whom is not responsible for the case management of, or the delivery of services to, the child or parents.	
Dispositional hearing, sec. 427(a)(2)(B) and requirement of sec. 475(5). record review.	To be held: in family or juvenile court or other court of competent jurisdiction or by administrative body approved by the court.	Major case
requirement of record review.	no later than 18 months after the original placement	Major case

requirement of record review.	(and periodically thereafter during care). to determine future status of the child	Major case
Oct. 1,	(return to parent, continue foster care for special period on permanent or long-term basis, placement for adoption). to determine transition services needed for a child 16 or older (added effective October 1, 1988).	Effective 1988.
Procedural safeguards, sec. 427(a)(2)(B) and Protection 16. sec. 475(5).	Applied to: parental rights pertaining to removal of child from parent's home. a change in child's placement. any determination of parents' visitation privileges.	
Protection 17.		
Protection 18.		

Source: GAO/PEMD-89-17 ``Implementation and Effects of
Foster Care
Reforms, '' and HHS.

HHS SECTION 427 REVIEW PROCEDURES

As outlined in pertinent ACYF Policy Information Questions (PIQs), and in the ``Section 427 Review Handbook'' published by the Department in August 1988, the 427 review process of a State's foster care system (administered by the Administration for Children, Youth, and Families (ACYF)), consists of two phases: (1) the administrative review, and (2) the survey of case records. The process is initiated when a State ``self-certifies'' after determining that it is in compliance with the 18 protections on the basis of the State's understanding of the statute. An administrative review is then conducted to determine if all policy and procedural systems necessary to implement the child protections are in place at a Statewide level. Specifically the administrative review verifies that the State has:

- conducted an inventory of the children in foster care;
- implemented a statewide information system;
- established a service program designed to assist foster children return home, or be placed for adoption or legal guardianship;
- instituted a case review system.

If the State has fully implemented these administrative components, the review process proceeds to the case record survey stage.

Three separate case record surveys are conducted in each State (an initial, subsequent, and triennial review) by a team composed of Federal and State personnel. Each of these reviews demands a higher level of compliance, and a State must have successfully passed the preceding review before proceeding to

the next one. If a State does not meet the standards established for any review, the review is conducted each succeeding year until the State passes.

The initial review is conducted for the fiscal year in which the State certifies its eligibility. If a State meets the requirements of the initial review, a subsequent review is conducted the following fiscal year. Three years after successful passage of the subsequent review, a triennial review is conducted. Every 3 years following successful passage of this highest level of compliance, it is Departmental policy to re-review State practices. However, a State which has passed two successive section 427 triennial reviews will now be on a 5-year review cycle (quinquennial review). States that fall into this category will be reviewed every fifth fiscal year following the fiscal year of the last successfully completed review.

For a case to successfully pass an initial, subsequent, or triennial review, the case record must include:

- a written case plan;
- an official record documenting that timely periodic reviews were held at least once every 6 months by a court or by an administrative review; and that
- a timely dispositional hearing was held by a court or court-appointed body no later than 18 months after the placement of the child, and periodically thereafter (time period determined by State) to determine the future status of the child;

Initial reviews require evidence that 13 of the 18 child protections (listed earlier) be present in 66 percent of the

case records sampled, and subsequent reviews require this in 80 percent of the cases sampled in a State. Triennial reviews require evidence of 15 of the 18 child protections in 90 percent of the cases sampled.

If a State is found out of compliance, ACYF issues a disallowance against the State's allotment of incentive funds for the coming fiscal year. States may appeal the disallowance to the HHS Departmental Appeals Board (DAB). There is a moratorium on the collection of funds disallowed under section 427 and certain funds disallowed under title IV-E resulting from on-site Federal financial reviews. Both moratorium provisions expire on September 30, 1994.

According to HHS, virtually all funding disallowances (resulting from sampled cases found not in compliance during periodic reviews) occur as a result of States not holding periodic reviews and dispositional hearings within the time frame specified in the statute. Table 14-13 summarizes the outcomes of section 427 reviews since 1981. As of March 1994, 46 States or jurisdictions were in compliance as of their most recent reviews, 4 States had decisions pending, and 2 States had been denied.

TABLE 14-13.--CHILDREN'S BUREAU, CHILD WELFARE DIVISION, 427 REVIEW STATUS REPORT

[In fiscal years]

		State			1981	1982
1983	1984	1985	1986	1987	1988	1989
1990	1991	1992				

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Alabama.....
.      AI      AS .....
AT .....          AT .....
Alaska.....
. .... AI      DS
DS      W      D      AS
Arizona..... AI
AS .....          AT ..... Nd
AT .....
Arkansas..... AI
DS      AS .....          AT .....
AT .....
California.....
.      AI      AS .....
AT .....          D      P .....

Colorado..... AI
AS .....          AT .....
AT .....

Connecticut..... AI
AS .....          DT      DT      DT      DT
DT      DT      DT .....
Delaware.....
AI      AS      AS .....
AT .....          AT .....
District of
Columbia..... DI
DI      AI      AS .....          AT      P
DT .....
Florida.....
AI      DS      AS .....
AT .....          AT .....

Georgia.....
AI      AS .....          AT .....
AT .....
Hawaii.....
. .... AI
AS .....          AT

```

Idaho.....
 Al AS AT
 AT
 Illinois..... AI
 AS DT
 P
 P
 Indiana.....
 . AI AS
 AT AT

 Iowa..... AI
 AS AT
 AT
 Kansas..... AI
 AS AT
 AT
 Kentucky..... AI
 AS AT
 AT
 Louisiana.....
 . DI AI AS
 AT AT
 Maine..... W
 W AI AS
 AT AT

 Maryland..... AI
 DS DS P P
 AS
 Massachusetts.....
 W
 A
 Michigan..... AI
 AS AT
 AT
 Minnesota.....
 AI AS AT
 AT
 Mississippi..... W
 AI AS AT

AT	AT	.....	.....
Missouri.....					AI
AS	.....	.....	AT	.....	.....
AT	.....	.....	.....
Montana.....					AI
AS	.....	.....	AT	.....	.....
AT	.....	.....	.....
Nebraska.....					W
AI	AS	.....	.....	AT	.....
AT	.....	.....	.....
Nevada.....					W
AI	AS	.....	.....	AT	.....
AT	.....	.....	.....
New Hampshire.....					.....
DI	AI	DS	W	DS	DS
AS	.....	.....	AT	.....
New Jersey.....					AI
AS	.....	.....	AT	.....	.....
AT	.....	.....	.....
New Mexico.....					.....
AI	AS	.....	.....	AT	.....
AT	.....	.....	.....
New York.....					AI
AS	.....	.....	AT	.....	.....
AT	.....	.....	.....
North Carolina.....					.....
AI	AS	.....	.....	AT	.....
AT	.....	.....	.....
North Dakota.....					AI
AS	.....	.....	AT	.....	.....
AT	.....	.....	.....
Ohio.....					DI
DI	DI	DI	AI	AS	.....
AT	.....	.....	.....
Oklahoma.....					AI
AS	.....	.....	AT	.....	.....
AT	.....	.....	.....
Oregon.....					AI

AS AT
AT AT
Pennsylvania.....
. AI AS
AT AT

Puerto Rico..... DI
W
..... AI SP
Rhode Island..... DI
AI DS AS
AT D AT
South Carolina..... AI
AS AT
AT
South Dakota..... AI
AS AT
AT
Tennessee..... AI
AS AT
AT

Texas.....
AI AS AT
AT
Utah..... AI
AS AT
AT
Vermont..... DI
AI DS W W AS
AT
Virginia..... AI
DS DS AS
AT AT
Washington..... AI
AS AT
AT AT

West Virginia..... AI
AS DT DT DT DT
P PT

Wisconsin.....

AI	AS	.....	.....	AT	.....	.....
AT	.....	.....	.....	.....	.....	.....

Wyoming..... AI

DS	DS	.....	.....	.....	.....	.....
De	.....	.....	.....	.....	.....	.....
AS	.....	.....	.....	.....	.....	.....

Note: A--Approved, D--Denied, I--Initial review, S--
 Subsequent review, T--Triennial review, W--Withdrew, C--
 Certified, P--Decision pending, De--
 Decertified, Nd--No decision.

Source: Department of Health and Human Services.

FEDERAL REVIEW PROCEDURES UNDER TITLE IV-E

In addition to the review procedures described above to assure compliance with section 427(b), HHS reviews expenditures made under the title IV-E foster care and adoption assistance programs. Section 471(a)(13) of title IV-E requires, as a component of State plans under title IV-E, that States arrange for periodic and independent audits of their activities under both titles IV-B and IV-E, to be conducted at least once every 3 years. In addition, section 471(b) allows the Secretary of HHS to withhold or reduce payments to States upon finding that a State plan no longer complies with State plan requirements, or, in the State's administration of the plan, there is substantial failure to comply with its provisions. The Secretary must first provide reasonable notice and opportunity

for a hearing.

In practice, the Secretary may disallow expenditures for Federal reimbursement under title IV-E as a result of several review procedures, including audits conducted pursuant to section 471(a)(13). Disallowances may result from audits conducted by the HHS inspector general, regional office reviews of quarterly expenditure reports submitted by States as part of the claims reimbursement process, or Federal financial reviews.

Financial reviews consist of two stages and are based on a statistically valid sample of between 200 and 300 payment units in the State. In stage I, 50 payment units of the total sample are reviewed. If the stage I review indicates that the State's systems are operating accurately and proper payments are being made, a stage II review is not conducted. However, disallowances of ineligible claims may be made during a stage I review, based only on the individual payments reviewed. If State systems do not appear to be operating properly or if the stage I review indicates errors in excess of established error rates, a stage II review is conducted. A minimum of 150 payment units, in addition to the 50 reviewed during stage I, will be reviewed. Disallowances will be made based on extrapolation from the sample to the universe of claims submitted for payment during the period reviewed.

Title IV-E reviews are conducted retrospectively, after conclusion of the fiscal year. However, States are not

generally reviewed annually, and States may be reviewed for more than one fiscal year at a time. States may appeal disallowances to the departmental appeals board.

RECENT TRENDS AFFECTING CHILD WELFARE POPULATIONS AND PROGRAMS

Data on social problems that are a common focus of child welfare services--such as incidence and causes of child abuse and neglect, and trends in foster care caseloads--are sometimes used to show the need for both child protection and preventive services for families. Although these data do not represent the absolute number of children or families in need of services, they are often used to suggest trends in the need for services.

CHILD ABUSE AND NEGLECT

The number of reported cases of child abuse and neglect has more than quadrupled since 1976, according to available data. Between 1976 and 1987, the American Association for Protecting Children (AAPC), a division of the American Humane Association (AHA), was funded by HHS to collect data and provide analyses on reports of child abuse and neglect. In 1987, HHS ceased funding this activity. Since 1982, the National Committee for the Prevention of Child Abuse (NCPA) has conducted an annual 50-State survey to monitor trends on child abuse and neglect

reports. These surveys, however, are limited in scope compared with the data formerly collected by the AAPC.

According to the AAPC, reports of child abuse and neglect grew dramatically from 670,000 in 1976 to 2.9 million in 1992. Reports of child sexual abuse also grew from 6,000 in 1976 to 132,000 in 1986 (the last year for which AAPC sexual abuse data are available). Further, the NCPA estimates that in 1992, more than 3 children per day (1,261 in total) died as a result of child abuse or neglect.

It is not clear whether the actual incidence of child abuse has increased over the years or whether there is only more reporting. Depending on the source, approximately 40-55 percent of reported cases of child abuse and neglect are eventually substantiated. However, it is generally believed that the above numbers do not represent the total amount of abuse and neglect that occurs, since many incidents are believed not to be reported.

SUBSTANCE ABUSE

There is widespread speculation that a significant portion of the increase in child abuse and neglect and foster care caseloads resulted from the introduction of crack cocaine into the country during the mid-1980s. The availability of crack has been linked to the abuse of children of all ages. According to a 1990 publication by the House Subcommittee on Human

Resources, Ways and Means, New York City officials blame the introduction of crack for the threefold increase in that city's child abuse and neglect cases involving parental substance abuse between 1986 and 1988. However, the biggest impact that crack has had on the child welfare system is the large increases in very young infants entering the foster care system at birth as a result of prenatal drug usage, drug toxicity at birth, and abandonment at the time of birth in the hospital (boarder babies). Drug-exposed infants also often enter substitute care shortly after they are born as a result of a diagnosed failure to thrive, or parental abuse and neglect.

The National Association for Perinatal Addiction Research and Education (NAPARE) estimated in 1988 that 11 percent of all pregnant women use illegal drugs. A 1990 General Accounting Office (GAO) study conducted for the Senate Finance Committee reported that the actual number of drug-exposed infants born each year is unknown, although the study noted that the two most widely cited estimates are 100,000 and 375,000. An HHS office of the Inspector General (OIG) 1989 survey of 12 cities found that 30 to 50 percent of drug-exposed infants enter foster care. New York City has reported a 268 percent increase in referrals of drug-exposed infants to the child welfare system, from 1986 to 1989.

Data from a five-State foster care archive show how increasing numbers of drug-exposed infants are stretching State child welfare systems to their limits.\5\ Data for California, Illinois, Michigan, New York, and Texas indicate that the

most

striking change in the characteristics of children entering foster care in the mid-to-late 1980s is the increase in the number of infants who were admitted into care.

\5\``The Multi-State Foster Care Data Archive: Year One Results, ''

Chapin Hall Center for Children, data presented at a conference in Washington, D.C., Nov. 5, 1993.

Researchers have divided the period from 1983-92 into 3 discrete periods: 1983-86 (the period before admissions began to surge); 1987-89 (the period of most rapid growth); and 1990-92 (when caseloads in several States began to decline). Between 1983 and 1986, about 16 percent of first admissions into foster care in these 5 States were of children younger than 1 year of age. However, children under the age of 1 represented almost 23 percent of first admissions during the period 1987-89, and 24 percent of first admissions from 1990-92.

Looking at individual States included in the data archive, researchers found that the proportion of infants entering foster care nearly doubled in New York, from 16 percent of first admissions in 1983-86 to 28 percent in 1990-92. Infants entering foster care in Illinois increased as a percentage of first admissions from 16 percent in 1983-86 to 28 percent in 1990-92, and in Michigan, from 17 percent to 20 percent

during
the same time periods.

This rise in infant admissions is likely to result in larger foster care caseloads in the future, regardless of whether overall admissions begin to decline. Researchers in the five-State data archive found that infants who are placed in foster care tend to remain in care longer than children placed at older ages. Data for each of the five States indicated that duration of care generally decreased with age of placement.

Not only do younger children spend the longest length of time in foster care, but historically many children that are admitted and discharged from foster care eventually reenter care. During 1989, 15 percent of New York's admissions into foster care was comprised of children reentering care. A 1988 Illinois study by researchers Dr. Mark Testa and Dr. Robert George found that nearly 40 percent of the earliest cohorts of foster children that are reunified with their parents eventually reenter substitute care.

TRENDS IN FOSTER CARE CASELOADS

The incidence of all children in the United States who are in foster care has ranged from 3.9 per 1,000 in 1962 to 5.9 per 1,000 in 1990. Especially between 1987 and 1988, the incidence of children in foster care grew very substantially, increasing from 4.2 to 4.8 per 1,000 in 1988. The incidence has continued to grow sharply, rising to 5.2 per 1,000 in 1989 and to 5.9 per

1,000 in 1990.

The number of children in Federally assisted AFDC/title IV-E foster care has grown significantly in the years since the program was created. The number grew from 1962 to 1976, then decreased slightly from 1976 to 1983. Since 1983, the number of foster children funded under title IV-E has increased steadily.

In 1972, approximately 22 percent of the total foster care population was funded under title IV-E. By 1992, this proportion increased to 50 percent (See table 14-14).

More detailed information is available on these trends from a number of State data systems. Currently, some of the most interesting data are from a multi-State data archive, in which California, Illinois, Michigan, New York and Texas are participating. According to a first-year report from the archive presented at a conference in Washington in November 1993, a total of 204,157 children were in foster care in these 5 States as of Dec. 31, 1992 (of which California and New York accounted for 70 percent). The 5-State figure represented almost half of the nation's total number of foster children, as estimated by the American Public Welfare Association's voluntary data collection system.

All five States have seen tremendous growth in their foster care populations during the period from 1988-92. In fact, in every State except Michigan, the number of children in care had doubled during the time period. Specific growth rates were as follows: California, 143 percent; Illinois, 135 percent; Michigan, 67 percent; New York, 125 percent; and Texas, 124

percent. The most intense growth in all five States was between the years 1987-89, when the caseload grew by almost 40 percent. Specifically in New York, the foster care population increased by 66 percent between 1987 and 1989. However, since then, growth in foster care caseloads has returned to the levels observed prior to 1987, except in Illinois and Texas. In fact, in Illinois, the foster care population grew by an additional 42 percent during the period from 1990-92.

When researchers separated the primary urban area in each of the five States from the balance of the State, they determined that 75 percent of the caseload growth during the decade from 1983-92 occurred in these urban areas. In fact, New York City and Cook County were responsible for virtually all of the foster care caseload growth in New York State and Illinois, respectively. Both of these urban areas experienced a tripling of their foster care populations during the time period. Since 1990, the growth rate in New York City has slowed, but there has not been a similar decline in the growth rate in Cook County.

Total caseload size is a function of both the number of children entering care (admissions) and the number of children leaving care (discharges). When looking at admissions and discharges, researchers in the five-State data archive found somewhat different patterns in each of the States. For example, the number of Illinois' admissions had been stable during

the period from 1983-86, but increased by 34 percent from 1987-92.

Throughout this entire period, the number of children discharged in Illinois stayed constant; therefore, the number of discharges did not offset the increase in admissions, resulting in overall growth in the total caseload.

In New York, both admissions and discharges grew from 1983-85, but discharges outnumbered admissions so that overall caseload size declined during that period. However, from 1985-87, discharges decreased by almost 8 percent while admissions grew by 34 percent, resulting in significant caseload growth. Admissions grew by an additional 28 percent from 1987-89. During this period, discharges also grew but only by 16 percent so that the overall caseload continued to increase. Since 1989, the number of admissions in New York has declined and discharges have grown, so that by 1992, the total size of the foster care population declined.

Texas and Michigan have seen growth in both their numbers of admissions and discharges during the decade from 1983-92. However, admissions have exceeded discharges in both States during the period, resulting in overall growth. In California, admissions grew until 1989, and have since declined each year, along with a rapid increase in the number of discharges from 1988-90, resulting in a drop in the growth rate.

Researchers in the five-State data archive also looked at the length of time children stayed in foster care, and

found that, for children placed between 1988 and 1992, the median duration was about a year and a half in California, Illinois and New York. The median duration was about 1 year in Michigan and less than 9 months in Texas. However, certain groups are more likely to stay in care longer. Specifically, the researchers found that children from urban areas in each of the States had significantly longer durations, and that black children in four of the five States stayed longer than all other racial or ethnic groups. Further, children placed as infants stayed in care longer than older children.

TABLE 14-14.--U.S. FOSTER CARE AND AFDC/IV-E FOSTER CARE POPULATION, TOTAL AFDC CHILDREN, AND U.S. POPULATION AGES 0 TO 18, 1962-93

U.S. population Year ages 0-18 (calendar year)\4\	U.S. foster care population (end of fiscal year)\1\	AFDC/IV-E foster care children (average monthly number)\2\	Total AFDC children (average monthly number)\3\
1962..... 69,864,000	272,000	989	2,781,000
1963..... 71,164,000	276,000	2,308	2,921,000
1964..... 72,406,000	287,000	4,081	3,075,000

1965.....	300,000	5,623	3,243,000
73,520,000			
1966.....	309,400	7,385	3,369,000
73,179,000			
1967.....	309,600	8,030	3,558,000
73,429,000			
1968.....	316,200	8,500	4,013,000
73,396,000			
1969.....	320,000	16,750	4,591,000
74,000,000			
1970.....	326,000	34,450	5,494,000
73,516,000			
1971.....	330,400	57,075	6,963,000
73,665,000			
1972.....	319,800	71,118	7,698,000
72,369,000			
1973.....	NA	84,097	7,965,000
72,243,000			
1974.....	NA	90,000	7,824,000
72,070,000			
1975.....	NA	106,869	7,928,000
71,402,000			
1976.....	NA	114,962	8,156,000
70,500,000			
1977.....	NA	110,494	7,818,000
69,699,000			
1978.....	NA	106,504	7,475,000
67,003,000			
1979.....	NA	103,771	7,193,000
68,307,000			
1980.....	\5\302,000	100,272	7,320,000
67,913,000			
1981.....	\5\274,000	104,851	7,615,000
67,571,000			
1982.....	\6\262,000	97,309	6,975,000
67,118,000			
1983.....	\6\269,000	93,360	7,051,000
66,768,000			
1984.....	\6\276,000	102,051	7,153,000
66,863,000			
1985.....	\6\276,000	109,122	7,165,000

66,797,000			
1986.....	\6\280,000	110,749	7,294,000
66,932,000			
1987.....	\6\300,000	118,549	7,381,000
67,221,000			
1988.....	\6\340,000	132,757	7,326,000
67,709,000			
1989.....	\6\383,000	156,658	7,370,000
67,877,000			
1990.....	\6\407,000	167,981	7,744,000
67,246,000			
1991.....	\6\429,000	202,687	8,498,000
NA			
1992.....	\6\442,000	222,315	9,199,000
NA			
1993.....	NA	232,668	9,548,000
NA			
1994 (estimate).....	NA	245,800	9,690,000
NA			

\1\Data from Child Welfare Research Notes #8 (July 1984),
published by
Administration for Children, Youth, and Families, HDS,
HHS. This note
cites as sources of data for the foster care population:
annual
reports from 1962-72 of the Children's Bureau and the
National Center
for Social Statistics, Social and Rehabilitation
Services; National
Study of Social Services to Children and their Families,
published by
ACYF in 1978, for 1977 data; and the Office of Civil
Rights, HHS,
report, ``1980 Children and Youth Referral Survey: Public
Welfare and
Social Service Agencies'' for 1980 data.
\2\Incomplete data based on voluntary reporting prior to
1975.
\3\Includes foster children 1971-1981.

\4\U.S. Census Bureau, Population Division, unpublished data (1962-1980); U.S. Department of Commerce, Bureau of the Census, Statistical Abstract of the United States 1985, 1990.
\5\Data were collected using a variety of methodologies and may not be comparable with each other or with other years.
\6\VCIS data supplied by the American Public Welfare Association.

INCREASE IN ``KINSHIP'' CARE

In recent years, States appear to have increased their use of ``kinship'' foster care, in which foster children are placed with their own relatives. Little reliable national data are available to document this trend, but some State reporting systems and national surveys support the conclusion that kinship care is growing as a form of foster care.

In its annual survey of State foster care reimbursement rates, the American Public Welfare Association (APWA) asked a series of questions about kinship care in late 1992. While many States could not distinguish relative placements from other foster care placements, at least 26 States indicated that they had experienced an increase in their use of kinship care during the last 3 years.

Children placed for foster care with relatives grew from 18 percent to 31 percent of the total foster care caseload during the period from 1986 through 1990 in 25 States that supplied information to the Inspector General of HHS. Kinship care is growing most rapidly in urban areas; for example, almost

half

of New York City's foster care population are children in kinship care. It appears that most of the recent growth in foster care in some parts of the country may actually have been

growth in kinship care.

Kinship care providers most often are grandparents, and frequently are single grandmothers. As their numbers have increased in recent years, grandparent caregivers in many States and cities have organized into support groups, and are

beginning to press for financial support and services at the

State and Federal level. These groups often also include grandparents and relatives of children who are not necessarily

under State custody, but who would be at risk of needing foster

care in the absence of their relatives.

Many of the children who live in kinship homes receive federally subsidized public assistance, either through Aid to

Families with Dependent Children (AFDC) or the Federal foster

care program under title IV-E of the Social Security Act.

At

the end of 1992, an estimated 442,000 children were in foster

care nationwide, and almost half participated in title IV-E, at

a Federal cost in fiscal year 1993 of \$2.6 billion.

However, it

is not known how many foster children are in kinship care, or

how many kinship care children receive AFDC instead of foster

care subsidies. Further, there is no explicit Federal policy

regarding which program is more appropriate for kinship children and their caretakers.

State policies and practices governing the

implementation of Federal programs vary widely. Particularly with regard to kinship families, these differences in State policies have a direct impact on family income and Federal costs. For example, eligibility for federally subsidized foster care payments is limited to licensed foster care providers. However, some States routinely license relatives as foster care providers, making them eligible for Federal foster care subsidies, while other States do not usually license relatives, leaving them eligible only for AFDC.

Under both AFDC and the Federal foster care program, States establish their own payment levels, and, in almost all States, foster care subsidies are significantly higher than AFDC payments. On average, foster care benefits for one child, payable in 1992, were 50 percent higher than the maximum AFDC benefit for one person, available as of January 1993.

Both title IV-E and AFDC are open-ended entitlements, with costs shared by the Federal and State governments. The Federal Government reimburses States for at least half of eligible spending under both programs; thus, Federal costs would increase if kinship families currently receiving AFDC were made eligible for the higher foster care subsidies under title IV-E.

At the same time, some kinship families already are receiving Federal title IV-E subsidies, which raises the issue of equity

for kinship families nationwide, or alternatively, the appropriateness of any families receiving it.

Additional Federal issues include the effect of Federal policies on child protection and permanency planning for children in kinship care, the adequacy of information about kinship care, and the relative roles of the Federal and State governments in establishing kinship care policy.

Little national information is available about kinship providers or the children in their care, although some research has been conducted on kinship care in certain States and cities. For example, several studies have produced information about the demographic characteristics of kinship providers. While the results of these studies vary, collectively they generate a picture of kinship providers as predominantly female, disproportionately minority, generally low-income, and with low educational attainment.

Two recent studies on the children in kinship care suggest that children placed with relatives are similar in many respects to children in traditional foster care. One difference found in both studies was racial composition; children in kinship care were more likely to be black than foster children living with non-relatives. Limited research available also has found that children placed with relatives tend to remain in care longer than children placed in non-relative foster care.

NATIONAL DATA ON FOSTER CARE AND ADOPTION ASSISTANCE

The primary source of national data on foster care is the Voluntary Cooperative Information System (VCIS) conducted by

the American Public Welfare Association (APWA). This voluntary survey was begun by APWA with support from the U.S. Department of Health and Human Services (HHS) in 1982. VCIS data are available covering foster care activities in fiscal year 1982 through fiscal year 1990. In addition, some preliminary data are available from the VCIS on the total numbers of children in care through fiscal year 1992.

For fiscal year 1990, 41 States and Puerto Rico responded to the voluntary survey. However, not all States and jurisdictions were able to respond to every question in the survey; therefore, the data are incomplete for many items, and, according to APWA, should be considered ``rough'' national estimates. It also should be noted that definitions of some terms varied among States and that reporting periods were not identical among States. Although all data are reported as applicable to fiscal year 1990, States were able to use either the Federal fiscal year or their own annual reporting period or fiscal year, which fell between July 1989 and December 1990.

The VCIS data report on all children in substitute care under the management and responsibility of the State child welfare agency, including: foster family care (relative and nonrelative), group homes, child care facilities, emergency shelter care, supervised independent living, nonfinalized adoptive placements, and any other arrangement considered 24-hour substitute care by the State agency. No distinctions are made among these different forms of substitute care. Finalized adoptions are not included in the VCIS data; however,

nonfinalized adoptions are reflected in the data.

Federal legislation in 1986 set in motion a process that will result in a mandatory Federal data collection system for foster care and adoption assistance. Once operational, the new data collection system will replace the VCIS. Development of this data collection system is discussed later in this section.

The VCIS data currently provide the most complete, albeit limited, picture of foster care children and their circumstances. At least one other study is useful in identifying major trends and in supplementing the VCIS findings.

The National Black Child Development Institute (NBCDI) reported in 1989 on the results of a 2\1/2\ -year study of black children in foster care in five major cities (Detroit, Houston, Miami, New York, and Seattle).\6\ This study attempted to develop more detailed information than obtained through the VCIS system, such as information on children's education and health status, characteristics of their biological families, and specific reasons for placement. Readers should keep in mind that the NBCDI study focused only on black children, and took place only in five cities. Further, NBCDI identified several methodological limitations in its study. Data were collected primarily by volunteers and thus were subject to varying interpretations. Reporting periods varied among cities, and the definition of foster care used in the NBCDI survey, as in the

VCIS reports, was the broadest possible and included all forms of 24-hour substitute care. Nonetheless, the NBCDI report is useful in supplementing other data and in drawing a general picture of the circumstances of a significant portion of the children in foster care.

\6\Who Will Care When Parents Can't? A Study of Black Children in Foster Care. National Black Child Development Institute, Washington, DC, 1989.

NUMBER OF CHILDREN IN SUBSTITUTE CARE

No precise figure is currently available on the number of children in foster (or substitute) care at a given point in time. However, there are estimates of the number of children in substitute care. As mentioned above, readers should keep in mind that not all children described as being in substitute care are living in foster family homes, but may be in other forms of substitute care such as group homes or residential institutions, emergency shelters, or, if older teens, living alone with supervision.

Although the most recent complete VCIS data are for fiscal year 1990, VCIS data are also available on the total estimates of children in foster care through 1992. These numbers indicate dramatic increases in the second half of the 1980's, from 273,000 children at the beginning of 1986 to an estimated 442,000 children by the end of 1992 (see table 14-15).

In addition to the number of children reported as being in care on the first and last days of the fiscal year, the numbers of children who entered and left care during the year and a cumulative total number of children served throughout the year also were estimated by APWA, as shown below. As with all VCIS data, these numbers should be read carefully because not all States responded to all data questions; national figures are estimates based on State reports.

TABLE 14-15.--NUMBER AND MOVEMENT OF
SUBSTITUTE CARE CHILDREN, 1982-92

Start of year	Entered care	Total served Year	Left care	End of year
1982.....	273,000	434,000	172,000	262,000
1983.....	263,000	447,000	178,000	269,000
1984.....	272,000	456,000	180,000	276,000
1985.....	270,000	460,000	184,000	276,000
1986.....	273,000	456,000	176,000	280,000
1987.....	280,000	502,000	202,000	300,000
1988.....	312,000	511,000	171,000	340,000
1989.....	347,000	565,000	182,000	383,000

1990.....				
379,000	238,000	617,000	210,000	407,000
1991.....				
412,000	224,000	636,000	207,000	429,000
1992.....				
421,000	238,000	659,000	217,000	442,000

Source: APWA.

The following table shows the number of children in substitute care, by State, based on VCIS data collected by APWA.

TABLE 14-16.--STATE SUBSTITUTE CARE POPULATIONS FOR FISCAL YEARS 1990, 1991, AND 1992, BASED ON VCIS DATA\1\

years			Fiscal
State			
1991	1992		1990
Alabama.....			4,420
4,383	4,133		
Alaska.....			3,852
1,942	1,496		
Arizona.....			3,379
3,618	3,909		
Arkansas.....			1,351
1,326	1,981		
California.....			79,482
80,880	83,849		
Colorado.....			3,892
5,519	4,390		
Connecticut.....			4,121

4,202	4,252	
Delaware.....		NA
655	638	
District of Columbia.....		2,313
NA	2,152	
Florida.....		10,664
10,235	9,928	
Georgia.....		15,179
15,500	16,999	
Guam.....		NA
NA	89	
Hawaii.....		1,659
1,600	1,214	
Idaho.....		548
877	1,235	
Illinois.....		20,753
23,776	29,542	
Indiana.....		7,492
8,126	8,455	
Iowa.....		3,425
4,609	3,606	
Kansas.....		3,976
7,112	7,838	
Kentucky.....		3,810
6,422	6,966	
Louisiana.....		5,379
5,799	5,722	
Maine.....		1,745
1,814	1,944	
Maryland.....		6,473
4,859	5,816	
Massachusetts.....		11,856
13,232	13,147	
Michigan.....		9,000
11,282	11,121	
Minnesota.....		7,310
7,898	7,895	

Mississippi.....	2,832
2,830 3,169	
Missouri.....	8,241
7,143 8,171	
Montana.....	1,224
1,494 1,691	
Nebraska.....	1,543
2,660 2,985	
Nevada.....	2,566
1,563 1,664	
New Hampshire.....	1,505
2,095 2,630	
New Jersey.....	8,879
8,451 8,024	
New Mexico.....	2,042
2,304 2,118	
New York.....	63,371
65,171 62,705	
North Carolina.....	7,170
9,619 10,275	
North Dakota.....	393
695 759	
Ohio.....	18,062
17,298 17,099	
Oklahoma.....	3,435
3,803 2,892	
Oregon.....	4,261
3,996 4,031	
Pennsylvania.....	16,665
17,508 18,491	
Puerto Rico.....	1,961
3,194 2,796	
Rhode Island.....	2,680
3,311 2,755	
South Carolina.....	3,286
3,698 5.066	
South Dakota.....	567

613	674	
Tennessee.....		4,971
5,217	5,312	
Texas.....		6,698
7,200	9,965	
Utah.....		1,174
1,405	895	
Vermont.....		1,063
1,088	1,162	
Virginia.....		6,217
6,590	6,305	
Virgin Islands.....		183
NA	NA	
Washington.....		13,302
13,956	11,327	
West Virginia.....		1,997
1,997	2,315	
Wisconsin.....		6,037
6,403	6,812	
Wyoming.....		484
605	907	

 \1\Numbers of children in substitute care at the end of
 State fiscal
 year.

Source: APWA/VCIS.

Table 14-17 lists the average monthly number of children in foster care who received Federal funding under title IV-E for the years 1986, 1990, 1992, and 1993. These figures are lower than VCIS estimates because they do not include the substantial number of children who were not determined eligible for Federal

funding (i.e., they were not from AFDC-eligible homes). In 1993, there were 110 percent more children in foster care than in 1986 and nearly 39 percent more children in foster care in 1993 than in 1990.

TABLE 14-17.--TITLE IV-E FOSTER CARE AVERAGE MONTHLY NUMBER OF CHILDREN, 1986-93

[In

thousands]

Fiscal years		Percent change			
		State			
1986	1990	1992	1993	1986-93	1990-93
Alabama.....					
1,450	965	887	810	-44	-16
Alaska.....					
8	347	347	303	3,573	-13
Arizona.....					
481	866	1,541	1,771	268	105
Arkansas.....					
434	323	573	715	65	122
California.....					
23,901	40,286	45,542	48,526	103	21
Colorado.....					
1,440	2,011	2,632	2,521	75	25
Connecticut.....					
1,104	2,006	1,658	1,482	34	-26
Delaware.....					
289	125	248	183	-37	47
Dist of Col.....					
928	593	318	657	-29	11
Florida.....					

1,374	3,454	4,180	4,191	205	21
Georgia.....					
1,893	2,647	3,226	3,254	72	23
Hawaii.....					
46	41	148	368	700	792
Idaho.....					
435	138	185	225	-48	63
Illinois.....					
4,378	9,340	10,977	11,349	159	22
Indiana.....					
1,310	1,822	2,214	2,541	94	40
Iowa.....					
940	1,189	1,368	1,502	60	26
Kansas.....					
1,076	1,113	1,344	1,371	27	23
Kentucky.....					
1,613	1,536	1,724	1,797	11	17
Louisiana.....					
2,274	2,618	2,705	2,784	22	6
Maine.....					
655	774	952	1,000	53	29
Maryland.....					
1,511	803	2,656	3,073	103	283
Massachusetts.....					
1,018	3,695	5,713	7,904	676	114
Michigan.....					
6,823	8,218	9,001	8,672	27	6
Minnesota.....					
1,574	2,100	2,660	3,607	129	72
Mississippi.....					
627	723	871	868	38	20
Missouri.....					
2,114	2,410	4,608	4,555	115	89
Montana.....					
281	364	501	557	98	53
Nebraska.....					
799	1,036	1,238	1,291	62	25

Nevada.....						
222	462	508	621	179	34	
New Hampshire.....						
249	414	505	526	111	27	
New Jersey.....						
3,840	2,816	3,202	4,115	7	46	
New Mexico.....						
601	729	756	875	46	20	
New York.....						
17,188	31,036	55,361	53,475	211	72	
North Carolina.....						
1,411	3,561	2,763	2,985	112	-16	
North Dakota.....						
256	308	442	402	57	31	
Ohio.....						
4,166	5,164	6,201	6,546	57	27	
Oklahoma.....						
885	894	1,465	1,379	56	54	
Oregon.....						
1,313	2,218	1,882	1,882	43	-15	
Pennsylvania.....						
7,058	8,823	15,478	15,020	113	70	
Rhode Island.....						
434	433	676	673	55	55	
South Carolina.....						
946	1,209	1,572	1,652	75	37	
South Dakota.....						
302	219	191	225	-26	3	
Tennessee.....						
1,031	1,876	3,850	6,533	534	248	
Texas.....						
2,917	3,595	4,602	4,920	69	37	
Utah.....						
283	385	469	454	61	18	
Vermont.....						
500	860	798	1,145	129	33	
Virginia.....						

1,795	1,878	2,175	1,778	-1	-5
Washington.....					
983	2,751	2,632	2,484	153	-10
West Virginia.....					
759	1,166	873	1,017	34	-13
Wisconsin.....					
2,620	5,562	5,795	5,987	129	8
Wyoming.....					
53	85	102	97	83	14

Totals.....
110,586 167,981 222,315 232,668 110 39

CHARACTERISTICS OF CHILDREN IN SUBSTITUTE CARE

Much of the demographic data collected on children in substitute care through the VCIS reflect three different groupings: children entering care during the study period, all children remaining in care at the end of the period, and children who left care during the period. The following sections will summarize these data. Again, readers should keep in mind that different numbers of States provided information for each data element; therefore, comparisons should be made cautiously.

Age.--The following table shows the age breakdown of children entering care, in care, and leaving care during fiscal year 1990. APWA's analysis of these data with comparable information from previous years shows gradual increases in the percentages of younger children entering foster care from fiscal year 1982 through fiscal year 1990.

TABLE 14-18.--AGES OF CHILDREN ENTERING, IN, AND LEAVING
SUBSTITUTE

CARE, FISCAL YEAR 1990

[In percent]

Age range		Entering	In
care	Leaving		
All ages.....		100	
100	100		
Under 1 year.....		16.1	
4.9	5.2		
1 to 5 years.....		26.1	
31.1	26.5		
6 to 12 years.....		26.2	
32.3	25.6		
13 to 18 years.....		31.1	
29.7	39.3		
19 years and older.....		.4	
1.7	3.2		
Age unknown.....		.	
1	.3	.2	
Median age (years).....		7.8	
8.6	10.3		
Number of States reporting.....		22	
23	23		

Source: APWA.

Gender.--Children of both genders are placed at roughly equal rates. The VCIS data report that 51 percent of children in substitute care in fiscal year 1990 were male. A comparison of this finding with data from previous years found no significant change since the study was begun in fiscal year 1982.

Race/Ethnicity.--Although a significant portion of the

children in foster care are white, black children are overrepresented in the foster care population. The following table indicates the racial composition of children who entered substitute care during fiscal year 1990, who were in care at the end of fiscal year 1990, and who left substitute care during fiscal year 1990. APWA's comparison of these data with comparable information from previous years indicates a decrease in the percentage of white children in foster care since fiscal year 1982, and increases in the percentages of black children and hispanic children.

TABLE 14-19.--RACE/ETHNICITY OF CHILDREN ENTERING, IN, AND LEAVING CARE, FISCAL YEAR 1990 [In percent]

Race/ethnicity		Entering	In
care	Leaving		
White.....		47.2	
39.3	49.9		
Black.....		30.8	
40.4	29.4		
Hispanic.....		13.7	
11.8	12.8		
Other.....		4.6	
4.3	4.7		
Unknown.....		3.7	
4.2	3.2		
Number of States reporting.....		23	
31	25		

Source: APWA.

Disability/Health Status.--Based on reports from 16 States, APWA found that 13 percent of children in substitute care at the end of fiscal year 1990 had one or more disabling conditions.

The National Black Child Development Institute did not specifically address the issue of disability but did determine that 75 percent of the black children in its five-city study were reported as ``healthy'' or ``having no health problems.'' The NBCDI also attempted to gather information on the children's mental health but determined that for 80 percent of the children under age 6, mental health assessments were either not conducted or were not included in the child's record. Mental health assessments were conducted and included in the records for 41 percent of the 6- to 12-year-olds, and for 56 percent of the children between 13 and 18 years of age. The NBCDI did not report the results of these assessments, however.

School assessments of children in the NBCDI study, to the extent that they were available, indicated that 7 percent of the total population (including children not yet of school age) were found to have an educational disability and 1 percent were mentally retarded. Of the total population of foster children included in the study, school assessments were not applicable

for 41 percent (this group included children not yet of school age), and were not included in the child's record for another 16 percent of the total. Of the remainder of children, 20 percent were assessed by schools as average, 3 percent were assessed as above average, and 12 percent were considered below average.

Family Characteristics.--The NBCDI study attempted to gather information on the characteristics of biological families of the children who were placed in foster care. These data must be read cautiously because they are based on a small sample and information on each factor was not necessarily included in all records examined by NBCDI. Thus, while these data cannot necessarily be used to generalize about the families of all black children in foster care, the information is nonetheless interesting and is among the only recent national information on biological families of foster children.

The NBCDI study found that mothers of black foster children in the five-city survey were, on average, 23 years old when their children were born and 29 years old when their children were placed in substitute care. Fathers of foster children had an average age of 28 when their children were born and an average age of 34 when their children were placed in care.

Information on the educational level of mothers of foster children was not available in 45 percent of cases. Of those for whom information was available, about 47 percent of mothers had attended some high school, and another 31 percent had high school or equivalency diplomas. About 10 percent of mothers

had gone through 8th grade or less, and another 10 percent had attended some college or technical school. College graduates comprised 2 percent of the mothers.

A large number of parents or primary caregivers were reported as having health problems, according to the NBCDI research. Information was not available for 15 percent of the parents or primary caregivers. Moderate or major health problems were reported for 48 percent of parents or primary caregivers, another 6 percent had minor health problems, and 46 percent were reported as healthy. Of particular significance was the type of health problem or illness experienced by parents. Among primary caregivers with a health problem, substance abuse was reported as the problem in 78 percent of cases. Again, it should be remembered that this finding is based on a small sample in five cities.

Almost half--46 percent--of black foster children in the NBCDI study came from single-parent families. Another 12 percent came from families with both parents present. About 9 percent of children came from extended families with a parent present and other relatives, and an equal number lived in extended families with relatives but without a parent present. Ten percent of children came from ``augmented'' families with a parent present and other adults who were not relatives, and 2 percent were from augmented families with no parent present. About 5 percent of children were from blended or stepfamilies, and 6 percent of children in the NBCDI study group had been living in hospitals before placement in foster care.

Mothers were the head of household for 62 percent of the study children before they had been placed in foster care. In 13 percent of cases, fathers were the head of household, and grandparents were household heads in another 10 percent of cases. For the remainder, the head of household was another relative, a family friend, or a stepparent.

The majority of foster children in the NBCDI study came from households receiving public assistance. AFDC was the primary source of income for 65 percent of the cases, and earnings were the primary source of income for 28 percent. Another 6 percent of households received their primary income from Social Security or Supplemental Security Income.

Finally, the NBCDI collected information on the average number of siblings of children in foster care. The children in the study group in the 5 cities had an average of 2.2 siblings, although these brothers and sisters did not necessarily live with the child or family at the time of placement.

REASONS FOR PLACEMENT IN SUBSTITUTE CARE

For fiscal year 1990, the VCIS data report the reasons children were placed in substitute care in 19 States. The majority of children--71.1 percent--were placed in substitute care either for their protection or because their parent was unable or unavailable to care for them.

TABLE 14-20.--REASONS CHILDREN ENTERED SUBSTITUTE CARE, FISCAL YEAR

1990

Percent

Protective service.....	
50.2	
Parent condition or absence.....	20.9
Status offense/delinquent.....	11.3
Relinquishment of parental rights.....	.8
Handicap of child.....	
1.9	
Other.....	
..	12.5
Unknown.....	
.	2.4

Source: APWA.

The National Black Child Development Institute categorized reasons for placement differently in its study, but its overall finding was similar to that of APWA; the majority of children were placed in out-of-home care primarily for their own protection. Neglect was the cause in 41 percent of cases, and abuse was the cause in 26 percent of the cases. Another 8 percent of children had been abandoned, and "inability of parent" was cited in 5 percent of cases. In 17 percent of the cases, children were placed through a voluntary agreement between the parents and the placement agency.

The NBCDI attempted to obtain more detailed reasons for children entering substitute care. Parent-related or

environmental reasons were reported in almost all cases studied by NBCDI, although these were not necessarily the primary cause of placement. Multiple causes were often reported for each case; therefore, the following percentages total to more than 100 percent.

The most frequently reported parent-related factor was drug abuse in the family, reported in 36 percent of cases, followed by alcoholism, reported in 20 percent of cases. These figures cannot necessarily be added to achieve a total for substance abuse, since drug abuse and alcoholism may both have been reported for the same case. Other parental factors included mental illness (reported in 14 percent of cases) and incarceration (reported in 11 percent of cases).

Environmental factors included inadequate housing (reported in 30 percent of cases), and homelessness or living in a shelter (reported in 11 percent). Again, these numbers should not be added because both factors may have been reported for the same case. Poverty was reported as an environmental factor contributing to a child's placement in 25 percent of the cases.

Child-related factors contributing to foster care placement were reported in roughly a third of the cases looked at by NBCDI in the five cities. Again, it should be remembered that these factors, like the parental and environmental factors described above, were not necessarily the primary cause for placement, but more likely were one of several factors resulting in the child's removal from home. When child-related

causes were reported, the most frequently reported factor was emotional or behavioral problems of the child, cited in 62 percent of cases. The next most common factor was the child running away, reported in 24 percent of cases. In 12 percent of cases with child-related factors as categorized by NBCDI, the children were boarder babies in hospitals. Antisocial behavior on the part of the child was cited in 11 percent of cases with reported child-related factors.

PERMANENCY GOALS

The following table indicates the permanency planning goals for substitute care children in fiscal year 1990, according to reports from 26 States. As the table shows, family reunification was the permanency goal for more than half the children in care.

TABLE 14-21.--PERMANENCY PLANNING GOALS FOR CHILDREN IN CARE, FISCAL

YEAR 1990

Percent	
Family reunification.....	60.1
Long-term foster care.....	12.0
Adoption.....	15.1

Independent living.....	5.2
Guardianship.....	.. 3.1
Care and protection in substitute care.....	2.2
Unknown.....	.. 2.3

Source: APWA.

Comparing the data in table 14-21 with earlier years shows a significant increase in family reunification as a permanency goal. Family reunification was the goal for 39.2 percent of children in fiscal year 1982, according to VCIS data, compared with 60.1 percent of substitute care children in fiscal year 1990, as indicated in the above table.

The NBCDI study also looked at permanency plans for black children in its study group and found that reunification with parents (usually the mother) was the most prevalent permanency goal (42 percent of the children in substitute care), followed by other relative placement (17 percent). Adoption was the permanency goal for another 17 percent of children in care in the NBCDI study; long-term foster care was the goal for 8 percent; and independent living was the permanency goal for 9 percent of children.

For those children still in care for whom family reunification was a goal, the NBCDI study attempted to determine what barriers to reunification existed. Multiple

barriers were identified; therefore, the following percentages total to over 100 percent because more than one barrier was identified in many cases. The leading reported barrier to reunification was lack of cooperation from the parent (46 percent), followed by inadequate housing (34 percent). Drug addiction of the parent was identified in 30 percent of cases, and a lack of parenting skills was identified in 26 percent of cases. Lack of finances was cited in 22 percent of cases, and parents' whereabouts were unknown in 20 percent. Mental instability of parents was reported in 15 percent of cases; legal barriers were cited in 11 percent; and alcoholism of parents was reported in 10 percent of cases.

LIVING ARRANGEMENTS OF CHILDREN IN SUBSTITUTE CARE

The VCIS data for fiscal year 1990 contain information on the living arrangements of substitute care children in 28 States. The following table shows that the majority of substitute care children were living in foster family homes, although a significant percentage were living in either group homes, residential treatment centers, or emergency shelters.

TABLE 14-22.--LIVING ARRANGEMENTS OF CHILDREN IN CARE, FISCAL YEAR

1990

Percent

Foster family

homes.....	74.5
Nonfinalized	
adoptions.....	2.7
Group homes/residential treatment/emergency	
shelters.....	16.4
Independent	
living.....	.
5	
Other.....	
..	5.6
Unknown.....	
..	.3

Source: APWA.

While the NBCDI study did not collect data on the living arrangements of black children in substitute care, the issue of relative caretakers was explored. Relatives were considered as possible placements for children in 73 percent of cases reviewed by NBCDI in the 5 cities. Of those relatives considered as resources, 57 percent actually provided some assistance, and of these, 68 percent provided foster homes for related children.

When viewed as a percentage of all substitute care children in the NBCDI study, relatives served as foster parents for somewhat less than 30 percent of children. In 13 percent of cases where relatives provided assistance, they served as legal guardians but not necessarily as foster parents. Relatives most commonly providing assistance to substitute care children were grandparents, who accounted for 53 percent of the relatives providing aid.

The VCIS data for fiscal year 1990 included some

limited information on children placed in unlicensed/unpaid relatives' homes. Only 7 States could provide actual data on such children, but a total of 9 States said that such children were included in their counts of children placed in substitute care. In the 7 States that reported data, 19.3 percent of their caseload lived in unlicensed/unpaid relatives' homes, ranging from 7.4 percent in one State to 32.6 percent in another.

NUMBER AND DURATION OF PLACEMENTS WHILE IN FOSTER CARE

The VCIS collected data on the number of placements experienced by children in care at the end of fiscal year 1990, during the preceding 3 years. As the table below shows, more than half the children in care at the end of fiscal year 1990 had experienced more than one placement, according to data from 15 States.

TABLE 14-23.--NUMBER OF PLACEMENTS DURING PREVIOUS THREE YEARS, FOR CHILDREN IN CARE AT END OF FISCAL YEAR 1990\1\

Percent	
1 placement.....	42.6
2 placements.....	

27.5	
3 to 5	
placements.....	
23.6	
6 or more	
placements.....	
6.1	
Unknown.....	
..	.2

\1\Includes current placement.
Source: APWA.

A comparison of these data with previous years, while not strictly comparable due to differences in the number of States reporting, suggests a trend toward more multiple placements between fiscal year 1982 and fiscal year 1990. Specifically, a total of 43.1 percent of children in care at the end of fiscal year 1982 had been in more than one placement, compared with 57.2 percent at the end of fiscal year 1990.

The NBCDI study calculated the average number of placements experienced by black children in its study group, including both children still in care at the end of the study period and children who had been discharged from substitute care during the study period. The average number of placements reported by NBCDI was 2.2 per child. However, in two of the study cities-- Miami and Seattle--children are usually placed in a temporary setting before being transferred to a more permanent foster home, potentially inflating the average number of

placements
reported.

The following table indicates the length of time in continuous care experienced by children who remained in care at the end of 1990.

TABLE 14-24.--LENGTH OF TIME IN CONTINUOUS CARE, FISCAL YEAR 1990

[In percent]

Children

in care

0 to 6 months.....	17.8
6 to 12 months.....	14.8
1 to 2 years.....	23.9
2 to 3 years.....	15.8
3 to 5 years.....	16.9
5 years or more.....	10.2
Unknown.....	.6

Median

(years).....

1.7

Number of
States.....
22

Source: APWA.

A comparison with fiscal year 1982 data on length of stay for children remaining in care at the end of the year indicates that the percentage of children in care for 5 or more years has decreased from 18.2 percent to 10.2 percent, and the percentage of children in care 6 months or less is somewhat less in 1990 as it was in 1982 (21.7 percent), although it had increased slightly in the interim years. Fiscal year 1982 data were reported for 26 States.

The NBCDI study also examined the length of time black children spent in substitute care and found that children in its study group spent an average of 13 months in care, although this average fluctuated widely from 7 months in Houston to 26 months in Miami. This variation may be due to the manner in which the information was collected. The NBCDI study also explored the issue of caseworker turnover, and found that children in its study group had an average of 2.5 caseworkers during their tenure in foster care.

OUTCOMES FOR CHILDREN LEAVING CARE

Data are available from the VCIS from 24 States on the outcomes for children who left care during fiscal year 1990. The following table indicates that two-thirds of children were

reunified with their families.

TABLE 14-25.--OUTCOMES FOR CHILDREN WHO LEFT CARE, FISCAL YEAR 1990

Percent

Reunified.....	
..	66.6
Adopted.....	
..	7.7
Reached age of majority/ emancipated.....	6.5
Other	
\1\.....	
15.7	
Unknown.....	
..	3.5

\1\`Other' includes such reasons as running away, marriage, incarceration, death, discharge to another agency, or legal guardianship established.

Source: APWA.

A comparison of these data with earlier years indicates that family reunification significantly increased from 49.7 percent in fiscal year 1982 to 66.6 percent in fiscal year 1990.

When evaluating these data on outcomes for children leaving care, it should be remembered that a portion of these children will likely return to substitute care at some point. For example, 15 percent of children entering care in fiscal

year

1990 were reentrants.

Of those black children in the NBCDI study who were discharged during the study period, 55 percent were reunified with their families and another 23 percent were placed with relatives. Legal guardianship was established for 8 percent of the children, and 7 percent were adopted. Independent living for older children was established for 4 percent, and in 2 percent of cases, children left without authorization.

CHARACTERISTICS OF CHILDREN IN ADOPTIVE CARE\7\

National data on the characteristics of children for whom adoption assistance payments are made are not available. However, APWA's Voluntary Cooperative Information System (VCIS) is the primary source of data on the national child welfare system, and publishes the only comprehensive data estimates on the adoption of special needs children who at some time have been part of the substitute care system.\8\ Not all of the children described in VCIS data are the beneficiaries of adoption subsidies. VCIS collects information from States and compiles it in an annual report, with data available from fiscal years 1982 through 1990. APWA notes that the data in its reports should be treated as rough estimates given the voluntary nature of the information, and the fact that not all States report data on all questions, or conform to the same data definitions.

 \7\Children in adoptive care have had a finalized adoption, are in

a nonfinalized adoptive home, or are awaiting adoptive placement.

\8\Substitute care is defined as a living arrangement in which children are residing outside of their own homes under the case management and planning responsibility of the primary State child welfare agency or of child placing agencies under contract to the primary agency. Living arrangements can include foster family or adoptive foster homes (both relative and nonrelative), group homes, child care facilities, emergency shelter, supervised independent living, nonfinalized adoptive home placements, and all other arrangements regarded as 24-hour substitute care by the State agency.

VCIS collects information on adoptions related to substitute care children only. VCIS divides children in adoptive care into those with finalized adoptions, awaiting adoptive placement, or residing in nonfinalized adoptive homes. Children in the latter two categories are included in VCIS's definition of substitute care. VCIS collects data on the age, race/ethnicity, special needs status, and relation to adoptive parents of these children. The numbers below represent national estimates that APWA calculated based on data received from reporting States. Not all of the children described below were adopted with subsidies.

TABLE 14-26.--FINALIZED ADOPTIONS AND CHILDREN AWAITING ADOPTIVE

PLACEMENT, FISCAL YEAR 1990
[In percentages]

Children	
awaiting	Finalized
adoptive	adoptions\1\ placement\2\ ----- -----
Age:	
0 to 1 year.....	\3\4.5
\3\4.0	
1 to 5 years.....	49.7
36.2	
6 to 12 years.....	37.4
43.2	
13 to 18 years.....	7.7
15.8	
19 years and older.....	.
2	.7
Unknown.....	.
5	.1
Race/ethnicity:	
White.....	\4\50.8
\6\44.3	
Black.....	29.2
42.8	
Hispanic.....	13.3
7.0	
Other.....	4.5
3.7	
Unknown.....	2.2
2.2	
Special needs status:	

1 or more special needs.....	\5\66.7
\7\71.7	
No special needs.....	33.3
27.9	
Unknown.....	
0 .4	
Time awaiting adoptive placement:\8\	
0 to 6 months.....	.....
19.4	
6 to 12 months.....	.....
12.4	
1 to 2 years.....	.....
21.4	
2 years or more.....	.....
46.3	
Unknown.....	.....
.5	

\1\Data reported on the number of finalized adoptions which took place

during fiscal year 1990.

\2\Data reported on the number of children awaiting placement at the end

of fiscal year 1990.

\3\Data provided by 20 States.

\4\Data provided by 27 States.

\5\Data provided by 19 States.

\6\Data provided by 25 States.

\7\Data provided by 18 States.

\8\Data provided by 16 States.

Source: American Public Welfare Association.

VCIS reported that 17,000 children had a finalized adoption in fiscal year 1990, and 18,000 were placed in a nonfinalized adoptive home. Another 20,000 were still in substitute care and

awaiting adoptive placement at the end of fiscal year 1990. Of the adoptions that were finalized in fiscal year 1990, the largest age groups of children were between 1 and 5 years of age (49.7 percent) and between 6 and 12 years of age (37.4 percent). About half of these children (50.8 percent) were white, while 29.2 percent were black. Two-thirds of these children had one or more special needs that could pose barriers to adoption.

Less than half (41.5 percent) of the children whose adoptions were finalized in fiscal year 1990 were adopted by people completely unrelated to them. Another 47.2 percent of the children were adopted by nonrelative foster parents. Seven percent were adopted by relatives.

The composition of children awaiting adoptive placement is somewhat different from children whose adoptions were finalized. These children are generally older and include a greater percentage of black children (42.8 percent versus 29.2 percent of finalized children). In addition, of the children awaiting adoptive placement, 46.3 percent had been waiting for 2 or more years.

TABLE 14-27.--PROPORTION OF SPECIAL NEEDS CHILDREN IN FOSTER CARE, AWAITING ADOPTION, AND ADOPTED, 1984 TO 1990

Status		1984	1985
1988	1990		

Number of children in foster care.....	276,000	276,000
340,000 406,000		
(Percent with special needs)....	22	18
22 13		
Number of foster children awaiting adoption.....	17,000	16,000
18,000 20,000		
(Percent with special needs)....	43	51
64 72		
Number of foster children adopted.....	20,000	16,000
19,000 17,000		
(Percent with special needs)....	57	62
59 67		

 Source: ``State Child Welfare Abstracts 1980-1985,``
 Maximus Inc.

prepared for Office of Social Services Policy, Assistant Secretary for

Planning and Evaluation, HHS, December 1987; VCIS data.

TRENDS IN CHILD WELFARE AND FOSTER CARE COSTS

Given the trends in foster care caseloads and the Federal requirements of Public Law 96-272, it is not surprising that funding for the title IV-E foster care program has increased significantly from 1981 to 1994. Based on administration estimates for fiscal year 1994, Federal title IV-E expenditures increased 744 percent (from \$308.8 million to \$2,606 million). Although the program has not been fully funded since 1981, funding for the title IV-B child welfare services program increased by 80 percent from 1981 to 1994 (\$163.6 million to \$294.6 million). Funding for the title XX social services

block

grant, which States may use for child welfare services, has actually fallen in nominal terms.

According to a 1990 analysis of 31 State child welfare plans by the American Public Welfare Association, it appears

that the Federal Government contributes more than 40 percent

(42.6 percent in 1990) of child welfare costs, including the

costs of foster care. State plans indicate that the remaining

child welfare costs are paid by State, local and private sources. As stated above, Federal child welfare funding sources

primarily include the title IV-B child welfare services program; title IV-E foster care, adoption assistance and independent living programs; and title XX social services. State and other nonfederal spending is used to meet title IV-B

and title IV-E matching requirements, plus other child welfare

costs such as 100 percent of the expense of maintaining non-

AFDC-eligible children in foster care.

TITLE IV-E PLACEMENT, ADMINISTRATIVE AND TRAINING COSTS

In recent years an increasing proportion of title IV-E costs has been expended on child placement services, administration, and training. Table 14-28 shows HHS and CBO estimates of title IV-E expenditures through fiscal year 1999.

It should be noted that expenditures for services and administration include expenditures on behalf of children who are ``candidates'' for foster care, as well as children who are actual recipients of foster care maintenance benefits. In other

words, funds are expended on behalf of certain children before and during the time a title IV-E eligibility determination is made; as a result, Federal reimbursement is provided for administration and services for some children who, ultimately, are determined not eligible for title IV-E maintenance payments.

Table 14-29 shows Federal foster care expenditures by State in 1982, 1986, 1991, and 1993. Between 1982 and 1993, total foster care expenditures increased from \$374 million to \$2,525 million (575 percent). Over this time period, foster care maintenance costs increased from \$301 million to \$1,307 million (334 percent). Because of the large increase in placement costs relative to maintenance costs, the share of total cost represented by maintenance costs decreased between 1986 and 1993. Over this time period, the total cost of foster care increased an average of 317 percent.

TABLE 14-28.--PROPORTION OF TITLE IV-E FOSTER CARE EXPENDITURES SPENT ON CHILD PLACEMENT, ADMINISTRATION AND TRAINING, FISCAL YEARS 1983-

99\1\

Placement, administration and training proportion of	Total Federal title IV-E expenditure (in millions)	Placement, administration and training expenditures (in millions)
Fiscal year		

total

Actual:

1983.....	\$394.8	\$117.9
0.30		
1984.....	445.2	147.4
0.33		
1985.....	546.2	190.9
0.35		
1986.....	605.4	213.8
0.35		
1987.....	792.6	312.9
0.39		
1988.....	891.1	342.8
0.38		
1989.....	1,153.1	507.1
0.44		
1990.....	1,473.2	638.2
0.43		
1991.....	1,819.2	788.8
0.43		
1992.....	2,232.8	1,029.0
0.46		
1993.....	2,547.0	1,182.0
0.46		
HHS Estimate:		
1994.....	2,606.5	1,159.5
0.44		
1995.....	2,914.0	1,501.0
0.52		
1996.....	3,384.0	1,700.0
0.50		
1997.....	3,647.0	1,781.0
0.49		
1998.....	3,997.0	1,948.0
0.49		
1999.....	4,378.0	2,126.0
0.49		
CBO Estimate:		
1994.....	2,670.0	1,232.0

0.46	1995.....	3,010.0	1,458.0
0.48	1996.....	3,372.0	1,609.0
0.48	1997.....	3,593.0	1,649.0
0.46	1998.....	3,884.0	1,768.0
0.46	1999.....	4,176.0	1,877.0
0.45			

\1\Does not include transfers to title IV-B.

Sources: Based on data from HHS and CBO.

TABLE 14-29.--

FEDERAL FOSTER CARE EXPENDITURES, 1982-93

(dollars in		Maintenance costs (dollars in millions)		Total expenditures	
Maintenance cost	Percentage				
millions)					
of growth in			as a percentage		
State					
total	total				
1993\1\	1982	1986	1991	1993\1\	
expenditures,			1982	1986	
1991					
1986	1993	1986-93			

Alabama.....				2.19	2.09
5.16	4.68	2.12	1.83	1.43	1.51
87.6	32.3	124			
Alaska.....				0.48	(0.03)
3.50	4.41	0.48	(0.04)	1.43	1.99
133.3	45.1	NA			
Arizona.....				1.29	2.80
11.43	17.98	1.24	1.24	3.72	7.81
44.3	43.4	542			
Arkansas.....				0.45	0.68
4.85	9.75	0.42	0.50	1.76	2.29
73.5	23.5	1,334			
California.....				59.00	136.68
354.69	478.06	52.02	81.75	185.50	232.18
59.8	48.6	250			
Colorado.....				1.06	2.32
7.45	20.28	1.03	2.29	4.48	4.90
98.7	24.2	774			
Connecticut.....				1.51	3.55
25.59	15.90	1.51	2.32	8.13	4.90
65.4	30.8	348			
Delaware.....				0.34	0.29
1.35	1.35	0.32	0.39	0.57	0.35
134.5	25.9	366			
District of Columbia.....				7.88	5.65
4.70	11.20	6.24	3.82	2.69	4.40
67.6	39.3	98			
Florida.....				1.93	3.90
25.36	45.88	1.80	2.88	10.98	14.63
73.8	31.9	1,076			
Georgia.....				5.01	8.26
24.13	24.51	2.04	4.69	7.39	8.48
56.8	34.6	197			
Hawaii.....				0.03	0.08
1.24	2.91	0.03	0.06	0.09	0.78
75.0	26.8	3,538			
Idaho.....				0.26	0.26
1.20	2.15	0.24	0.24	0.28	0.72
92.3	33.5	727			
Illinois.....				7.29	14.24

67.45	117.59	6.26	14.24	40.36	73.88
100.0	62.8	726			
Indiana.....				0.88	1.08
7.13	37.65	0.86	0.84	2.49	22.92
77.8	60.9	3,386			
Iowa.....				1.43	2.66
9.26	13.66	0.91	1.74	3.56	7.40
65.4	54.2	414			
Kansas.....				3.24	3.79
12.95	19.37	2.85	2.98	6.36	7.44
78.6	38.4	411			
Kentucky.....				1.30	5.93
30.69	34.06	1.26	4.97	11.98	12.73
83.8	37.4	474			
Louisiana.....				5.59	11.93
26.12	28.55	4.83	6.11	14.67	16.56
51.2	58.0	139			
Maine.....				2.20	3.48
12.26	9.44	2.14	2.05	4.79	7.20
58.9	76.3	171			
Maryland.....				2.96	9.72
28.95	44.61	2.78	4.03	14.23	23.82
41.5	53.4	359			
Massachusetts.....				2.91	5.32
29.47	57.40	2.83	2.87	17.01	26.49
53.9	46.2	979			
Michigan.....				25.34	46.16
128.27	103.28	18.72	35.17	52.49	47.41
76.2	45.9	124			
Minnesota.....				4.42	8.37
24.87	33.00	3.93	5.22	12.60	18.71
62.4	56.7	294			
Mississippi.....				0.89	0.83
2.16	4.08	0.82	0.76	1.07	1.56
91.6	38.2	392			
Missouri.....				2.07	13.49
29.30	29.08	1.94	5.45	14.29	12.71
40.4	43.7	116			
Montana.....				1.26	1.40
5.87	4.58	0.83	0.97	2.47	3.26
69.3	71.2	227			

Nebraska.....				1.77	3.11
7.16	10.17	1.36	1.87	3.73	5.38
60.1	52.9	227			
Nevada.....				0.37	0.39
2.54	2.88	0.35	0.36	0.92	1.61
92.3	55.9	638			
New Hampshire.....				0.82	1.27
5.05	7.37	0.58	0.79	1.97	3.67
62.2	49.8	480			
New Jersey.....				2.04	16.89
16.30	25.30	1.95	8.49	8.07	11.88
50.3	47.0	50			
New Mexico.....				0.21	2.67
6.28	5.46	0.21	1.44	3.04	3.56
53.9	65.2	104			
New York.....				149.80	162.91
515.79	779.23	109.86	113.95	366.10	416.04
69.9	53.4	378			
North Carolina.....				1.89	2.34
8.65	17.64	1.79	2.18	6.55	14.25
93.2	80.8	654			
North Dakota.....				0.81	0.99
3.82	5.42	0.77	0.79	1.90	2.49
79.8	45.9	447			
Ohio.....				3.70	24.78
52.52	91.97	3.27	8.10	26.40	44.82
32.7	48.7	271			
Oklahoma.....				1.91	3.63
11.64	8.20	1.81	2.07	8.21	5.09
57.0	62.1	126			
Oregon.....				4.98	7.35
14.01	14.07	3.41	4.39	6.91	7.27
59.7	51.7	91			
Pennsylvania.....				33.57	34.13
118.45	180.45	31.27	26.02	82.02	125.88
76.2	69.8	429			
Rhode Island.....				0.99	2.30
5.74	8.08	0.99	1.48	2.54	3.19
64.3	39.5	251			
South Carolina.....				0.53	2.49
9.70	8.82	0.48	1.71	4.74	4.72

68.7	53.5	254			
South Dakota.....				0.77	0.60
2.01	2.57	0.73	0.58	1.07	1.27
96.7	49.4	328			
Tennessee.....				1.74	1.86
19.63	15.77	1.66	1.82	11.23	9.14
97.8	58.0	748			
Texas.....				5.62	11.37
54.76	72.18	5.33	7.21	28.54	38.48
63.4	53.3	535			
Utah.....				0.45	1.01
3.85	5.96	0.38	0.49	2.05	3.03
48.5	50.8	490			
Vermont.....				1.10	2.35
6.59	6.65	0.69	1.25	4.32	4.18
53.2	62.9	183			
Virginia.....				2.93	3.23
12.48	13.39	2.55	2.76	5.09	4.46
85.4	33.3	315			
Washington.....				3.15	3.84
16.14	19.89	1.62	1.48	6.10	8.07
38.5	40.6	418			
West Virginia.....				1.45	8.62
7.61	4.27	1.45	4.57	5.69	2.24
53.0	52.5	(50)			
Wisconsin.....				9.94	12.14
32.20	42.59	8.20	8.23	15.81	18.90
67.8	44.4	251			
Wyoming.....				0.08	0.16
0.92	1.06	0.08	0.16	0.60	0.75
100.0	70.8	563			

Total.....				373.83	605.36
1,819.24	2,524.80	301.24	391.56	1,030.42	
1,307.40	64.7	51.8	317		

\1\Does not include disputes and reconciliations.

Totals may differ from sum of State amounts because of rounding.

Source: Department of Health and Human Services.

EXPLAINING GROWTH IN FEDERAL FOSTER CARE EXPENDITURES

Some have argued that programs funded under title IV-E are becoming more expensive for the Federal Government because a growing number of States are transferring costs they had traditionally paid for themselves to the Federal Government as administrative expenses. During an April 1987 hearing of the House Select Committee of Children, Youth, and Families, Sydney Olsen, the Assistant Secretary for Human Development Services (HDS) testified ``it appears that States are finding ways to refinance existing services through these entitlements and that the growth in administrative cost does not reflect increases in services or improved management.'' Then-Assistant Secretary Olsen also expressed concern that the open-ended entitlement of title IV-E was being exploited by States which were hiring consultants to help them ``capture'' more available Federal funds. As evidence, the Assistant Secretary pointed to the high variability of title IV-E administrative and cost claims among States.

In October of 1987, the HHS Office of Inspector General published a report on the high absolute levels of title IV-E administrative and training costs and the wide variation of

claims among States. The report found that the administrative costs associated with the foster care program are much higher than those associated with similar programs such as AFDC, and the Medicaid and Food Stamp programs. However, this was attributed to the fact that regulations implementing Public Law 96-272 expressly defined many activities as allowable administrative costs that were not reimbursed by the Federal

Government when foster care was part of AFDC. By regulation,

claimable title IV-E administrative costs include:

- referral to services at time of intake;
 - preparation for, and participation in, judicial determinations;
 - placement in foster care;
 - development of a case plan;
 - case reviews;
 - case management and supervision;
 - recruitment and licensing of foster homes and institutions;
- and
- foster care rate setting.

The 1987 report also found that much of the variation of States' administrative cost claims was linked to the degree of sophistication of each State's accounting practices. Not all States had sophisticated systems capable of documenting all allowable costs. Some other States chose to deliberately underclaim these expenses so that they could transfer unutilized funds to title IV-B child welfare services. The report concluded that some of the measures by which HHS documented the rapidly rising administrative costs associated with title IV-E were inappropriate:

* * * some measures of relative State performance such as administrative cost per child and the ratio of administrative to maintenance costs better reflect charges to the Federal Government rather than the costs of running the program. Similarly, the use of percentage change in administrative cost to measure relative growth over time is complicated. Many States had an artificially low base in the early years (shortly after Public Law 96-272 was enacted) due both to their inability to claim all appropriate costs and the absence of required program components (page ii).

The 1987 report also stated that in seven separate studies HDS had failed to document that States were systematically transferring ineligible title IV-E administrative costs to the Federal Government. The report concluded that although HDS did uncover some random accounting errors ``there was no evidence found to demonstrate patterns of abuse.'' In fact, OIG did an audit of the State of Missouri, in which claimed administrative costs had risen ``precipitously'' and found no serious State violations of Federal guidelines or regulations. The report also noted that HDS had presented no information to document how the consultant accounting and cost claim recommendations to States violated the regulations.

In addition, the report noted that the decision by the HHS

Departmental Appeals Board (DAB) concerning the State of Missouri's title IV-E allowable administrative cost claims, which was issued shortly before the report's publication, would

further expand the allowable expenses that could be charged as

administration and training. It has been generally accepted that this has been the case, further strengthening the claim

that administrative expenses include more than program ``overhead.'' The Inspector General's office issued another report dated August 1990. The report presents the following specific findings, which generally tend to be consistent with

the findings made in the 1987 report.

(1) The term ``administrative costs'' is a misnomer.

Most

of the activities being funded are not traditional administrative costs, but are ``important child placement services''. According to the IG report, administrative costs

grew from \$143 million in fiscal year 1985 to \$400 million in

fiscal year 1988. However, only 20 percent of the cost increase

is attributable to administration of the program. Nearly 80 percent relates to direct service activities that the IG classified as ``child placement services''.

(2) The current procedure used to account for costs does

not allow for examining any correlation between increased administrative costs and increased services to foster children.

(3) Cost increases occurred for two primary reasons: the

expanded definition of allowable administrative activities provided in Public Law 96-272, and a broad interpretation of

that definition by the Departmental Appeals Board. Other factors contributing to the increases were the States' use of

consultants, a 19-percent increase in the number of title IV-E children, increases in the number of case workers, and cost-of-living increases for State employees.

(4) Variations in costs among States resulted from using nonhomogeneous cost indicators, a lack of uniformity in defining and allocating allowable costs, a gradual trend by States to use consultants for identifying opportunities to maximize Federal funding sources, and States' revision of cost allocation plans to capture costs for children who are ``candidates'' for IV-E foster care (but who may not ultimately receive foster care maintenance payments).

The report concludes that legislative and administrative measures are necessary for containing escalating administrative costs, and outlines various options.

1990 LEGISLATION RELATED TO ADMINISTRATIVE COSTS

During the second session of the 101st Congress, legislation was enacted as part of the Omnibus Budget Reconciliation Act of 1990 (P.L. 101-508) designed to provide better information on State reimbursement for administrative costs. Under the provisions of Public Law 101-508, ``child placement services'' is added as a separate category for which States may claim reimbursement, in addition to administrative costs. Prior to this provision, States claimed reimbursement for child placement services as administrative costs. The effect of the amendment, while not changing the type of services for which States may claim reimbursement, is

designed
to provide more specific information on how Federal
matching
funds are used.

FOSTER CARE AND ADOPTION DATA AND INFORMATION
COLLECTION SYSTEM

LACK OF ADEQUATE DATA

Historically, there has been a lack of reliable data in
the
area of foster care and adoption. In fact, all 50 States
did
not even report their average monthly foster care caseload
under the federally assisted program until 1975. Moreover,
States have never been required to collect data on non-
federally-assisted foster care. This lack of data was one
of
several concerns that Congress hoped to address with
enactment
of the Adoption Assistance and Child Welfare Act of 1980
(P.L.
96-272).

The 1980 law imposed several requirements on States in
order for them to receive incentive funds under the title
IV-B
child welfare services program, including a one-time
inventory
of children in foster care and a statewide information
system
for tracking children in foster care. Shortly after
enactment
of Public Law 96-272, HHS wrote detailed guidelines for the
implementation of these requirements, which were published
as
an interim final rule on December 31, 1980. However, HHS
withdrew these regulations the following March, stating
that
the Office of Management and Budget (OMB) had not reviewed
and

approved certain sections. In 1982, the Department issued a policy information question (ACYF-PIQ-82-06) which restated the law's requirement that States have an information system, but did not specify the system's content. The 1980 regulations were never re-issued.

Since 1982, HHS has funded the American Public Welfare Association (APWA) to conduct a voluntary annual survey of States, known as the Voluntary Cooperative Information System (VCIS). The VCIS has been the only source of nationally aggregated data on the number and characteristics of children in foster and adoptive care. However, the VCIS is of limited use for various reasons. For example, not all States participate fully in the survey, reporting periods are not consistent among States, and there is a serious time lag between when data are collected and subsequently published. Further, data are available only in an aggregated, State-specific format, preventing the type of analysis that could be conducted with case-specific data.

ENACTMENT OF 1986 REPORTING REQUIREMENT AND HHS RESPONSE

In response to the need for better data collection, Congress in 1986 approved an amendment to title IV-E (section 479) requiring that an advisory committee be established and submit a report to Congress and HHS with recommendations for establishing, administering and financing a system for collecting data on adoption and foster care in the United States. This amendment (contained in the Omnibus Budget Reconciliation Act, P.L. 99-509) required that the Secretary of

HHS issue final regulations for the system by December 31, 1988, and that mandatory data collection be fully implemented no later than October 1, 1991.

The advisory committee submitted its final report in 1987, with detailed recommendations for a mandatory system that would collect data on all children covered by the protections of section 427. The advisory committee recommended that the Federal Government cover all expenses associated with system start-up and development through September 30, 1991, including costs of hardware acquisition, and that ongoing operational costs be funded at the 50 percent Federal matching rate available for administrative costs.

In May 1989, HHS responded to the advisory committee's report by submitting an implementation plan to Congress. This plan would have required States to collect information only on children under the responsibility of a State public child welfare agency (excluding foster and adoptive children placed privately by private licensed facilities), and would have required States to finance their data collection systems by using existing title IV-B funds and claiming 50 percent Federal matching to the extent allowed as title IV-E administrative costs.

On September 27, 1990, HHS published proposed regulations, based largely on the 1989 report, to implement the data collection system, which has become known as the Adoption and Foster Care Analysis and Reporting System (AFCARS). The population to be covered would have been children under the responsibility of the State child welfare agency, and financing would have come from the title IV-E administrative cost

match.

States would have been able to claim only that portion of their costs that related to children eligible for title IV-E, although the system would have required States to collect data on non-IV-E children as well.

OBRA OF 1993 AND FINAL RULES FOR AFCARS AND SACWIS

In 1993, Congress enacted the Omnibus Budget Reconciliation Act (P.L. 103-66) which added a new capped entitlement for family preservation and family support services to the child welfare programs authorized under title IV-B. As part of this legislation, Congress also amended section 479, the title IV-E provision added in 1986 that required establishment of a foster care and adoption data collection system.

The 1993 amendment authorizes an enhanced Federal matching rate to States for certain costs related to data collection for fiscal years 1994-1996. The statute specifies that this enhanced match of 75 percent is available for costs of planning, design, development and installation of statewide mechanized data collection and information retrieval systems, including costs of hardware, as long as the systems do the following: comply with HHS regulations; to the extent practicable, be able to interface with State child abuse and neglect data collection systems and with AFDC data collection systems; and be determined by HHS to provide more efficient, economical and effective administration of State child

welfare
programs.

The 1993 law provides that ongoing operational costs of State data collection and information retrieval systems will be matched at the 50 percent Federal rate available for administrative expenses under title IV-E. After fiscal year 1996, the enhanced match will expire and all data collection costs will be matched at the 50 percent rate. Further, the amendment specifies that States may claim reimbursement for data collection systems without regard to whether they are used for foster and adoptive children who are not eligible for title IV-E assistance.

On December 22, 1993, HHS published two sets of rules in the Federal Register: interim final rules for Statewide Automated Child Welfare Information Systems (SACWIS), issued in response to enactment of Public Law 103-66; and final rules implementing AFCARS. Under the interim final rules for SACWIS, States must develop ``comprehensive'' child welfare data collection systems, of which AFCARS will be a component, in order to qualify for Federal funding, including the 75 percent enhanced match. According to HHS, ``comprehensive'' means that a State SACWIS system must include child welfare services, foster care and adoption assistance, family preservation and support services, and independent living.

Under the interim final rules, State SACWIS systems must do the following, at a minimum:

- Meet the AFCARS requirements;

- Provide for electronic data exchange, within the State, with data collection systems operated under AFDC, Medicaid, child support enforcement and the

National Child Abuse and Neglect Data System
(unless
not practicable for certain reasons);
Provide for automated data collection on all
children
in foster care under the responsibility of the
State
child welfare agency, to support implementation of
section 427 protections and requirements;
Collect and manage information necessary to
facilitate delivery of child welfare services,
family
preservation and family support services, family
reunification services, and permanent placement;
Collect and manage information necessary to
determine
eligibility for the foster care, adoption
assistance
and independent living programs;
Support necessary case management requirements;
Monitor case plan development, payment
authorization
and issuance, review and management including
eligibility determinations and redeterminations;
and
Ensure confidentiality and security of
information in
the system.

In addition, optional SACWIS functions could include
(if
cost-beneficial) resource management, tracking and
maintenance
of legal and court information, administration and
management
of staff and workloads, licensing verification, risk
analysis,
and interfacing with other automated information systems.

Under the final AFCARS rules, States will be required
to
collect case-specific data on all children in foster care
for

whom the State child welfare agency has responsibility for placement, care or supervision, regardless of their eligibility for title IV-E. Further, States will be required to collect data on all adopted children who were placed by the State child welfare agency, and on all adopted children for whom the State provides adoption assistance (ongoing payments or for nonrecurring expenses), care or services either directly or by contract with other private or public agencies. States will report data to HHS twice a year, with the first reporting period being October 1, 1994-March 31, 1995, and the first transmission of data due no later than May 15, 1995.

Penalties

for noncompliance with AFCARS requirements will not be imposed during the first 6 reporting periods (Oct. 1, 1994-Sept. 30, 1997). Half-penalties will be imposed during the following 2 reporting periods, and full penalties will be imposed on States out of compliance for the reporting period beginning October 1, 1998.

