



Child Welfare Financing Straightjacket Tightens

On March 31, 2006, the authority of the federal government to grant states flexibility in the use of federal child welfare funds will come to an end. During the past ten years, 18 states have implemented 26 child welfare waiver demonstrations to test innovative programs and services, including subsidized guardianship, flexible funding to local agencies, managed care, substance abuse services, intensive preventive services, and tribal administration of federal child welfare funds, among others.

The funds for these projects come from the Title IV-E foster care program. Without a waiver, Title IV-E funds can only be used to support children who have been removed from home and placed in foster care. Many child welfare experts argue that this inflexibility is one of the major flaws in the existing system of federal child welfare financing.

“Simply put, current federal funding mechanisms for child welfare encourage an over-reliance on foster care at the expense of other services,” the nonpartisan Pew Commission on Children in Foster Care noted in its 2004 report, which recommended specific reforms. The Commission’s recommendations require stronger accountability for how public dollars are used to protect and support children who have suffered abuse and neglect. They require redirection of current funding, and give states the freedom to decide whether foster care is the right choice for an individual child, or whether there are other options that might keep children safe and secure.

Originally authorized by Congress in 1994, the Title IV-E waiver program has generated new knowledge about innovative child welfare programs and practices that support alternatives to foster care placement. The Adoption and Safe Families Act of 1997 authorized the Secretary of Health and Human Services to approve up to ten new waiver projects each year for five years. Since 2003, that authority has been further extended as part of the many extensions of the TANF program.

The omnibus budget reconciliation bill passed by Congress on February 1, 2006 reauthorizes the TANF program for five years, but does not reauthorize or extend Title IV-E waiver authority. Thus, waiver authority will end on March 31, 2006 absent intervening Congressional action. The expiration of IV-E waiver authority would not affect existing waivers and would not affect the ability of states to apply for extensions of existing waiver projects.

“Current restrictions on federal funding too often promote entry of children into foster care rather than development of supportive prevention and diversion programs such as subsidized guardianship,” notes Home At Last Executive Director Miriam Krinsky. “Title IV-E waivers temporarily release this federal funding straightjacket and afford states the opportunity to innovate and develop new approaches to better attend to the needs of struggling children and families.”

Three states have waiver applications pending: California, Florida and Iowa. If not approved by March 31, 2006, these applications cannot be approved absent reauthorization of the waiver program. A number of other states, including Michigan and New York, have expressed interest in applying for a waiver. None of these opportunities to innovate will be able to move forward absent approval by March 31, 2006.