

**INNOVATIONS IN CHILD WELFARE WAIVERS:  
STARTING ON THE PATHWAY TO REFORM**

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**HEARING**

BEFORE THE

**COMMITTEE ON FINANCE  
UNITED STATES SENATE**

ONE HUNDRED TWELFTH CONGRESS

FIRST SESSION

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MARCH 10, 2011  
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## **INNOVATIONS IN CHILD WELFARE WAIVERS: STARTING ON THE PATHWAY TO REFORM**

**THURSDAY, MARCH 10, 2011**

U.S. SENATE,  
COMMITTEE ON FINANCE,  
*Washington, DC.*

The hearing was convened, pursuant to notice, at 10:06 a.m., in room SD-215, Dirksen Senate Office Building, Hon. Max Baucus (chairman of the committee) presiding.

Present: Senators Wyden, Cantwell, Nelson, Hatch, and Snowe.

Also present: Democratic Staff: Russ Sullivan, Staff Director; Diedra Henry-Spires, Professional Staff; and Amber Roberts, Tax Exempt Organization Specialist. Republican Staff: Chris Campbell, Staff Director; and Becky Shipp, Health Policy Advisor.

### **OPENING STATEMENT OF HON. MAX BAUCUS, A U.S. SENATOR FROM MONTANA, CHAIRMAN, COMMITTEE ON FINANCE**

The CHAIRMAN. The committee will come to order.

In its 1981 report to Congress, the Select Panel for the Promotion of Child Health said, "Children are one-third of our population and all of our future." Today we discuss the future as represented by the more than 423,000 children in the child welfare system.

We will consider an expansion of waivers which allow States to create alternatives to traditional child welfare programs. These alternatives can improve outcomes for youth in foster care or at risk of entering foster care.

Today, we have two main goals. First is to examine how waivers have influenced child welfare practice. Second, to learn whether a reestablished waiver authority can be improved. Can these waivers be targeted to identify and redefine best practices? Can they work better to increase safety, quality, and permanency outcomes for children and youth?

In 1994, Congress gave the Department of Health and Human Services the authority to approve State demonstration projects. The demonstration projects gave States flexibility in the use of certain foster care funds which are generally used only for traditional child welfare programs.

The demonstration projects allowed States to develop alternatives to enhanced care for children in the system. They provide early intervention and crisis intervention services. They reduce out-of-home placements and improve outcomes for children in the system.

The number of children in the foster care system has declined by more than 80,000 over the last 10 years, and by nearly 40,000 over the last 2. Many child welfare experts believe the success was achieved, in part, because of States' use of demonstration waivers. Waivers give significant financial and administrative authority to States. They give States the flexibility they need to develop, implement, and conduct rigorous evaluation of alternative child welfare practices.

We must have a real understanding of the opportunities and challenges that come with child welfare waivers. There are currently waivers in seven States that remain active under short-term extensions, but Federal legislative authority to approve new child welfare waivers expired on March 31 of 2006. Congressional action is necessary to give HHS the authority to approve new waivers.

This committee has long benefitted from the presence of several child welfare champions. We are ready to engage on the question of renewing this authority. We have learned a great deal from child welfare waivers in the past. We learned that funding preventive services, like substance abuse treatment, helps keep families together.

We learned that placing kids with relatives in kinship care and guardianship makes a difference in finding permanent homes for kids. We learned that post-adoption services help adoptive families form successful, lifelong bonds. We learned, when foster care is the only option, State child welfare officers can partner with other State agencies. This partnership can provide additional services for kids and help them feel included and part of the community.

These realizations led to the Fostering Connections and Increasing Adoptions Act of 2008. This bipartisan law made improvements. That law has been quite successful, but more needs to be done. As stakeholders, we have come to value prevention, safety, permanence, and quality. Unfortunately, our child welfare system still has inconsistencies. It does not incentivize the behaviors we value most.

We value keeping families together whenever safely possible. We value permanency through adoption and kinship care over aging out of the system. So why, for example, do we use Federal child welfare dollars only to pay for foster care placements? We have to ask ourselves these tough questions. It is time to look at other ways to structure our system.

So let us explore whether or not a new wave of child welfare waivers can help us find solutions. Let us work to answer some of the tough questions that remain as we move forward.

[The prepared statement of Chairman Baucus appears in the appendix.]

The CHAIRMAN. I would now like to turn to my colleague from Oregon, Senator Wyden, for any statement he may want to make.

**OPENING STATEMENT OF HON. RON WYDEN,  
A U.S. SENATOR FROM OREGON**

Senator WYDEN. Thank you, Mr. Chairman. First of all, Mr. Chairman, I want to thank you for scheduling this hearing. I think it is important for folks to know that Chairman Baucus is probably as busy as any elected official on the planet, trying to juggle myr-

riad issues relating to the tax system, and certainly what is going on now with respect to working out the budget.

Chairman Baucus, it seems to me it is a measure of your passion for kids that, in the middle of all of this, you have said we have to have this hearing. We have to look at the way to go to bat for these young people. So, I am very grateful for the chance to sort of drop in and do an introduction, and I am going to be coming back. But I want people to know that, with all that you have on your plate, to have created this opportunity this morning where we are going to make sure we look at these issues, is a measure of your passion for kids. I just so appreciate your doing it.

I think, Mr. Chairman, for those who are going to be following this morning's hearing, the story of Charlie McNeely, it just takes your breath away. To have found yourself in foster care at the age of 3, and in effect navigating your way for more than 2 decades through all of this to where you are now, is just an extraordinary story, and we are so glad to be able to welcome you.

And I was struck by something you said in your testimony. You said that when you entered the foster system, you did not really know what was going on. Well, that is not all that surprising, because you were 3. I have 3-year-olds, and they kind of think they know what is going on, but they do not really know what is going on. So extra points for your candor. [Laughter.]

But you sure know what is going on now, because you look at what you have accomplished. You are on your way to graduating from Portland State University. We are very proud of them. You are going to be earning dual degrees in Public and Community Health. You are from the Northeast, an area I have lived in and spent a lot of time in. I am sure it was a rocky couple of decades. You are going to be telling your story. To know that you have managed, over that period, to come so far and really be on the cusp now of having a wonderful life and a lot of opportunities, is an account that the U.S. Senate needs to know more of. So we are glad you are here.

As I said, I am going to be parachuting back and forth. But the fact that Chairman Baucus has made it possible for us at this time to look at issues like how more young people can find their way to where you are today, is what the Senate needs to hear about. So, we welcome you.

Thank you very much, Mr. Chairman.

The CHAIRMAN. Thank you, Senator, very, very much. Thank you for your passion for kids, your own and others. [Laughter.]

Senator Hatch is on his way. He is not here at the moment, obviously, but he will be here soon. When he does arrive, he will want to make a statement.

But now it is my honor to introduce the four of you. This is quite a deal. I appreciate this very much. Charlie McNeely, as Senator Wyden has described, is an alumna of the Oregon foster care system and a student at Portland State.

Jojo Murdock is from the California foster care system and a student at the University of California at Santa Barbara. It is very pretty out there. It is probably not raining like it is today. [Laughter.]

And Crystal Ward Allen, executive director of the Public Children Services Association of Ohio. Welcome, Ms. Allen.

And Dr. William Bell. You are the only doctor here. President and chief executive officer of Casey Family Programs in Seattle.

So, thank you all very much for taking the time to appear today.

I will start with you, Charlie. Why don't you just tell us what is on your mind? And any printed statement you have is automatically included in the record. Do not worry about that. Just say what is on your mind and what you think, and just go for it.

**STATEMENT OF CHARLIE McNEELY, ALUMNA OF THE OREGON FOSTER CARE SYSTEM, PORTLAND, OR**

Ms. McNEELY. Well, hello. I am Charlie. I just want to say that I am really excited to be here, and I am really passionate about foster care reform. I really thank you guys for being here and being as passionate, and just your presence alone shows that change is coming. So, I am glad about that.

And I am also excited that I got to meet Ron Wyden. That was the first time. We got a picture together, and hopefully he accepts my friend request on Facebook, because now he is on there. [Laughter.] So, we will see how that goes. I will let you guys know.

The CHAIRMAN. Are you going to invite me to be a friend? [Laughter.]

Ms. McNEELY. Oh, of course. I just need your picture first as proof. [Laughter.]

The CHAIRMAN. We can work on that.

Ms. McNEELY. All right.

So I just want to thank you, Chairman Baucus and Ranking Member Hatch, who is not here right now. But I just want to thank you guys and the members of the Senate Committee on Finance, and I thank you for inviting me to come here today to share my story.

I am 24 years old, a foster care alumna from Oregon. I am here to talk to you about a simple word that is important, and that is connections, and how important that is in foster youths' lives. I think connections help us build relationships and also help to define us outside of foster care, and not to only think of ourselves as being a foster youth.

I was placed in foster care at the age of 3 with my four other siblings. Both my parents were drug abusers, so we were placed—it was an immediate—we were removed immediately from the home. And at the time, now that I am looking back and when I was asked to do this, I thought my main goal was to think of ways of how the process could have been less traumatic or how we could have been prevented from entering foster care in the first place.

So I think with my parents, I would have liked to have seen more preventative services as far as maybe classes they could have taken or help they could have had with their drug addiction, and prevention from me and my siblings having to be split up in foster care. I think that would have been really helpful and less traumatic.

And today, my relationship with my parents is going in a positive direction, so I am grateful for that. But it is really hard to kind of reestablish that relationship when you have had no preparation



while you were in foster care to have a relationship with your bio family and to reconnect.

Since being placed in foster care, I have met a lot of uncles, aunts, and cousins who felt they only had one option, or none, and that was to either take me and my siblings in or to stay away. And I wish that my foster parents and other State workers were more active and willing to make an effort to keep me and my siblings together and use my extended family as resources to help us stay together, whether that would have been picking us up for weekends and making that connection with the other State workers to have us, I guess advocate for us, for our relationships, and to see how important that was to us.

I have discovered that most foster youth, like myself, end up re-establishing relationships with their biological relatives, often reconnecting with their biological parents. And I have learned that this is not only true for me, but through a summer internship I had at Foster Club and other advocacy work I have done, I find this to be a reoccurring theme among foster youth, that once we leave the foster care system or exit out, that is who we, 9 times out of 10, go back to try to reconnect with, to try to find some type of identity or a sense of belongingness.

Since it is clear that young people are likely to reconnect with birth family members, whether they have aged out of the system or live with kin or whether they are adopted, the system should provide services that help foster youths stay connected with their biological family and build healthy relationships while they have the support and safety net of the foster care system and while still in the foster care system.

Some of my most difficult and disconnected periods in foster care were my stays in group homes and congregate care facilities, and I say this because a lot of it was damaging to my relationships and the healthy connections I did have while in foster care. Being in group homes and congregate care is usually most times meant for at-risk youth. For me, it was just the lack of a foster home placement, so that is why I was placed into these facilities.

And I remember just kind of feeling like I did something wrong or I was a criminal, or something like that, or I did something to deserve to be there because I could not have connections with my siblings, I was not able to do simple things like call them. I had to earn phone privileges to talk to them, and to see them I had to have it be State-approved well in advance just to make sure that we stayed connected.

And also, my grades suffered in school, I remember, because I did not have the option of going to a public school while in a group home. Many group homes are set up like that. So the only academic work you are given is at the group home, or the only academic studying you have is at the group home and whatever they set up. It is not really sufficient or adequate at all.

So I think for us as foster youth to stay connected and to make the whole process a little bit easier—I talked about relationships and how important that is, but also a sense of feeling normal. I think normalcy is very important because, whether or not they stay connected, they still have a sense of identity through extra-curricular activities and feeling like they belong and they are not

an outcast, for example, like going to prom or joining a basketball team or having sleepovers. Normal activities that you will see your peers doing, you did not feel like you had a choice or were a part of. I think the foster care system, for me, at least, did not advocate for me to be involved in those things at all.

And I do not know whether the limitations on foster youths' participation in extra-curricular activities is due to transportation costs, a young person's lack of awareness about how they might be involved in their school or community, the foster care system, or the lack of foster parents knowing their limits. But I think overall, just to normalize the childhood for a foster youth through those activities could help a great deal.

I want to go back to talking about my siblings. One of the most difficult disconnections in foster care was those relationships. I think it hindered a lot of what my relationships are—how my relationship is with them right now. And for the most part, me and my siblings are all we have, and I think that right now I am currently taking care of my brother, who still is in care.

I just would like to see a lot of resources that are available to me right now as being a guardian of my younger brother, and whether that is help in crisis situations, mental or behavioral issues, things that might come up for him because he is an at-risk youth. So I want to help him, naturally, but I am not really sure of the resources and the services that are out there for me.

So overall, I think that I and my family made it out of foster care, and we are going through the process pretty well. Today, I do not want to give you a sad story. I think I am a pretty good success. Today I work at the Immigrant and Refugee Center of Oregon at an elementary school. Like Senator Ron Wyden said, I will be graduating next year, so I am really excited about that. And while I am proud of my success, I realize that a lot of the foster care systems still have insufficiencies, and I just want to be there to help change that.

So I just want to thank you for having me here today and sharing my story. Again, thank you, Senator, and Chairman Baucus, Senator Hatch, and committee members, for inviting me here to share and just listen to me. I really appreciate this opportunity.

The CHAIRMAN. Well, thank you very much, Ms. McNeely. That is very, very interesting. I promise a lot of questions, and also a lot of praise for all that you have done.

Ms. MCNEELY. Thank you.

[The prepared statement of Ms. McNeely appears in the appendix.]

The CHAIRMAN. I would like, now, to introduce Senator Hatch.

Senator Hatch has a few words he would like to give. Senator Hatch is a real champion for kids. We have worked together several times to help kids. The one that comes to mind most specifically is the Children's Health Insurance Program. In fact, he and I were talking yesterday about other efforts to help kids. I was impressed, and Senator Hatch was rattling off numbers, the number of kids who are not yet covered by Children's Health Insurance, and so forth. But anyway, I would like him to say a few words.

Senator Hatch, you missed a good part of Charlie McNeely's testimony.

Ms. MCNEELY. Yes, he did.

The CHAIRMAN. But she is good.

Senator HATCH. I did. I have two committees going simultaneously, and I have to get back to Judiciary. So, I am sorry I missed some of it, but I was very interested in what I did hear. I am very proud of you.

**OPENING STATEMENT OF HON. ORRIN G. HATCH,  
A U.S. SENATOR FROM UTAH**

Senator HATCH. Mr. Chairman, thank you for holding this important hearing. Thank you as well for the bipartisan manner in which this hearing was put together.

The Senate Finance Committee has a long history of collaborative work on child welfare issues, and I am pleased that that tradition is continuing.

Now, the purpose of this hearing is for the members of the committee to determine if extending the option to States to apply for child welfare waivers could improve outcomes for children and youth in, or at risk of going into, foster care.

If history is any guide, giving States greater flexibility and greater options will likely result in better outcomes. I firmly believe that policy experimentation at the State level in our 50 laboratories of democracy leads to positive outcomes for citizens in the States in which they live. Our founders understood this when they created a Federal Government of limited powers and maintained the fundamental sovereignty of the States.

Mr. Chairman, if the committee determines that it is in the best interest of children and families to do so, naturally I will work with you to craft legislation to give States that flexibility.

It is said that a society is measured by how it treats its weakest members, including, of course, its children. By this standard, there is much we can do to improve.

Our Nation's child welfare system is in desperate need of reform. The current foster care financing structure is currently unsustainable. Federal priorities are misplaced. The majority of Federal funds for child welfare are directed at the least desirable outcome, that is, removing a child or children from the home and placing that child in foster care, often disrupting families and separating children from their siblings.

A very small percentage of Federal funds is spent on evidence-based family preservation activities, which have demonstrated success in helping families stay together. Once in foster care, children and youth are routinely isolated and restricted from participating in normal, age-appropriate activities. Children and youth in foster care are often prevented from playing sports, attending school events, field trips, or even summer camp. Older youth in foster care can be inappropriately medicated and segregated in substandard congregate care facilities.

The current system does not adequately serve youth transitioning out of foster care. Every year, nearly 30,000 young people exit foster care without a permanent family or a meaningful connection with a caring adult. It is not uncommon for these young people, 18 years old, to have their few belongings placed in a garbage bag and subsequently driven to a homeless shelter. It is not surprising they

have much higher rates of unemployment, homelessness, incarceration, and, of course, drug and alcohol abuse.

A number of States have indicated that, with some flexibility in the financing structure of child welfare, they could develop and implement innovative strategies that can reduce the number of children and youth entering foster care, while also improving the circumstances for children in the child welfare system, including those in foster care.

Today, I am happy to note that we will hear from witnesses who will speak to the need of reform and the need to reform the child welfare system, from a State that has shown what can be done with flexibility, and how an expansion of waivers could result in improved outcomes for children and youth in care, as well as greater capacity for States to keep struggling families together. If the committee elects to expand State waiver authority and if innovative State practices produce the desired results, I believe we will be on our way to developing a blueprint which could lead to comprehensive child welfare reform.

I want to thank you, Mr. Chairman. I want to thank you, our expert panel of witnesses, for being here today, and I will look forward to reading your testimony. Forgive me for having to go back to the Judiciary Committee for a while. We often find, in these split times, that we just have to do the best we can.

Thanks, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Hatch, very much.

[The prepared statement of Senator Hatch appears in the appendix.]

The CHAIRMAN. I would now like to call on you, Jojo. You have a similar, but a little bit different, perspective from Charlie.

Ms. MURDOCK. Yes.

The CHAIRMAN. Charlie was very interesting, and I know you will be, too. Why don't you go ahead?

**STATEMENT OF JOJO MURDOCK, ALUMNA OF THE  
CALIFORNIA FOSTER CARE SYSTEM, SANTA BARBARA, CA**

Ms. MURDOCK. Yes. She is amazing.

Well, first, I just want to say—

The CHAIRMAN. She thinks you are. [Laughter.]

Ms. MURDOCK. Well, thank you very much. I will also be requesting a Facebook—[Laughter.]

The CHAIRMAN. I will get that photo right away.

Ms. MURDOCK. Thank you very much. I appreciate it.

The CHAIRMAN. And I need yours.

Ms. MURDOCK. Yes. We will exchange.

The CHAIRMAN. All right.

Ms. MURDOCK. First of all, I just want to say it is such an honor to be here and just hearing you guys speak showed me how important that we are to you guys, and that every day I stand in the gap for these youths. It does my heart good to see that there are people who care and who are doing something on a bigger level to change their lives. So, Chairman Baucus, Ranking Member Hatch, and members of the committee, thank you so much for inviting me to testify today.

I thank the members of the committee for their commitment to creating a better life and a brighter future for the children who are living in foster care today.

My name is Joscelynn “Jojo” Crowley Murdock, and I am 26 years old. And I entered into the California foster care system as a little girl, at the age of 8, and I aged out as a young woman at the age of 18. Now, I know the old saying goes that, whatever doesn’t kill you makes you stronger, and I am definitely a stronger person for everything I have been through in my life. But I still cannot help but play the “what if” game. What if the system had made slightly different choices for me, what would my life have been like then?

As I sit back and I ponder on that question, I always go back to where it began for me. It started way before I entered into the system. It started with my biological family. I remember us being a happy one—maybe not a perfect one and maybe not as healthy as everybody thinks that it should have been. But nonetheless, we were happy. It was my mom, my two sisters, and me. And you know, when you are a little kid, all you care about is being together, and that is what we were: we were together.

But the reality was, my mom had it really hard. She was a single mother of three. We were dirt poor, and she struggled constantly with mental illness. I remember bouncing all over the place, living in shelter homes, living on the streets, in so many different locations. It was a struggle for her to find child care for three girls when she had no support and little to no money. I look at that and I just know that it is hard for a normal set of parents, and I wonder what could have been different for her, what if they would have given her more support.

And soon enough, she realized that she could no longer do this; she could no longer put us through this with being evicted, and her grandparents who raised her passing away, so she decided that she had to do what was best for us and make the hardest decision any mother could, and that was giving us away. She decided to go with giving us to our biological fathers, which would have been great, other than the fact that we did not know who my father was, or where my father was, for that matter. So she kept me. She took giving my two sisters away really hard, and went further into her own little world.

Soon enough, I was all alone. I was by myself. That led to eventually me being taken away due to child neglect. They tried adopting me out when I first went into care, but when it was explained to me, it was explained that I would be getting a new family. And why did I need a new family? I was 8. I already had two sisters and a mom. And they already yanked me from my home, and to take that from me just—I could not handle that thought. I was not ready to let that go. I wonder what if somebody would have explained adoption to me just a little bit differently.

The next thing that I wonder about is that I did—I had an aunt and uncle whom I later on met in life, and they are amazing, a solid, good family who could have cared for me. But yet, no one sought them out. No one took that time to really search for my relatives, and so it always left me wondering, what if somebody would have done that?

And then lastly, I spent 10 years in the foster care system. Ten years of birthdays being a foster kid. Ten years of going without a family to call my own. Ten years of feeling unloved and unwanted. That was 10 years too long, in my opinion.

The other thing I wonder about is, I spent 10 years in the same home and nobody reapproached me about being adopted again. It broke my heart a little bit to think, did they not think I wanted that chance to make a connection with my foster mom? And if they would have, and if they would have said it is just adding to my family and not taking away, I think I would have reconsidered being adopted, even as a teenager. And I do not want to say everything the system did did not work for me, because there were things that did. One of those things they did well was that they kept me connected with my older sister, Cynthia.

The reason that was so important, those summer visits, those letters, was because, when I aged out at the age of 18, when ILP, the Independent Living Program, gave me my duffel bag, my microwave, and all my household necessities, my prepared package, because I was one of the successful ones; when that moment came and everyone was so excited for me—not that my foster mom and me did not have a great connection, not that they did not have good intentions—but the truth was, I was terrified, you guys. I had no idea what being on my own meant. I just knew, this is what foster kids did: we hit 18 and we aged out.

My foster mom told me her door was open, but that relationship requires a 2-way street. And, if you do not understand, how do you go down that street, how do you travel that road? For me, I got onto that plane to my older sister, headed to Hawaii, and I cried the entire time there. I bawled, because I was leaving everything I knew behind. I felt like I was being yanked out. Not that I did not love my sister, and I was glad we had made that connection, but I was being moved again. The system left me, and that is the way that I felt.

So I spent a year and a half trying to figure out what I was doing in Hawaii, and, regardless of my grand plans and my idea of whatever their idea of permanency was, I worked part-time, did not attend college, and ended up back in California anyways. Luckily for me, I did have a supportive foster mom. She loves me. She always makes me feel loved. She is my guardian angel, in my opinion, my blessing in disguise. She has been supportive of me 100-percent. She always tells me how amazing I am, and I know she is not just my hero, but other foster children who have been through her home also.

And even though I wonder “what if,” I wonder “what if” all these things, I know that all these things shape who I am today, that I am able to stand before you and to testify. And the thing is, I am grateful for all of it. I am grateful for every situation I have been through because it has made me stronger, like I have said in the beginning.

I go back to that because, after I interned with Foster Club, they explained to me what permanency really was, that it was making a lifelong connection, that it was being able to have somebody at my wedding, it was going home to wash clothes, all those things. I made that connection with my foster mom. Last year, I am proud

to say that we did an adult adoption. That is why my name is now Joscelynn Crowley Murdock. It made such a difference in my world.

I have been married for about a year and a half now to an amazing man, Kevin Murdock. Our wedding is the perfect picture of what families should be. We did not have a "his" side or a "her" side. We had just one side. We got married in a circle. That was because that was my circle of trust. It included my biological family, my foster family, and my friends, and my new family. So I think every child deserves that. Now I attend UCSB, like we heard. I am in my last year, getting a Sociology degree. I work strongly on advocating for foster youth to make connections in my community.

I urge the committee to consider how reforming the child welfare finance structure to provide flexibility so that the States and communities can provide prevention services, supports for relative care, or any other specific supports a little girl who enters foster care tomorrow might need.

So, thank you, guys, for listening to me. Thank you for your time.

The CHAIRMAN. Thank you very much, Ms. Murdock, for your courage, both in what you experienced, and sharing it with us. Thank you so very, very much.

Ms. MURDOCK. Thank you.

[The prepared statement of Ms. Murdock appears in the appendix.]

The CHAIRMAN. Ms. Allen?

**STATEMENT OF CRYSTAL WARD ALLEN, EXECUTIVE DIRECTOR, PUBLIC CHILDREN SERVICES ASSOCIATION OF OHIO, COLUMBUS, OH**

Ms. ALLEN. Good morning, Chairman Baucus, Ranking Member Hatch, and other members of the U.S. Senate Finance Committee. It is really an honor to be here to talk with you today about innovations in child welfare using Ohio's flexible title IV-E waiver.

My name is Crystal Allen. I am the executive director of Public Children Services Association of Ohio. We are the nonprofit membership organization for each of Ohio's 88 county public child welfare agencies. We work on program excellence, and we support sound public policy for safe children, stable families, and support of communities.

PCSAO is also the project manager for Ohio's Fostering Connections Kinship Navigator Grant, which was one of the things you authorized in the Fostering Connections to Success Act of 2008. Thank you very much for that.

Ohio's is only one of 13 State-supervised, county-administered child welfare systems in the Nation. Our funding system is heavily dependent on local and Federal investment. In fact, the State investment is usually between 8 and 11 percent. We are very proud to be fiscally accountable. We have to depend on the generosity of local taxpayers to reauthorize our levies every few years, and we have recently earned a 96-plus percent compliance rate on our Federal title IV-E eligibility review.

We have enjoyed a title IV-E budget neutral flexible funding waiver since 1997. We just received formal renewal of our current

waiver last night, so a new 5-year renewal, and we are very excited about that.

Eighteen counties participated in the waiver. It is a mixture of metro, suburban, and rural communities, and it constitutes a third of the Ohio population. These counties often lead the way with innovations, allowing other counties in Ohio to replicate their successes. Data from the Supreme Court of Ohio's Court Improvement Program shows Ohio has made a steady, intentional, 42-percent reduction in child placements between January 2002 and January 2010. We are very proud of this safe reduction.

The flexible funds have been essential in our safe reduction of children in foster and group care by strengthening families. Rather than being restricted in investing our title IV-E funds only in placement cost—which is a critical resource for child safety, but it is only half the job—our waiver also allows investment in the whole continuum of child welfare services: community-based prevention, placement diversion services, family strengthening and safety planning services, support of relatives and other kin, and enhancing the quality of services for children and youth who are in care and who are transitioning out of care.

I would like to take a moment to give you just a little bit of data regarding our improved outcomes. The Adoption and Foster Care Analysis and Reporting System (AFCARS) Federal data shows that the highest-performing States that have safely reduced the number of kids in care have made amazing progress with reduction rates between 30 and 42 percent between 2002 and 2009. Four of the five highest-performing States had title IV-E waivers. They were California, Florida, Ohio, and Illinois. I think that speaks a lot to the value of waivers.

Ohio data comparing statistics between 2001 and the end of 2009 show that we had a 15-percent increase in reports of child maltreatment. We attribute this to the stressed economy. Our unemployment rate still remains around 10 percent in Ohio. Ohio continues to better serve our children, though, by safely investing in families versus removing the children for placement; a 34-percent decrease in custody at least one day during a year, and a 46-percent decrease in the number of children waiting for adoption. So we are not only placing fewer children, but they are staying in care for shorter lengths of stay. We are unifying more often. We have more permanency with relatives and adoptive families, even while we have increased reports of maltreatment.

I have a number of examples from communities in Ohio. In Franklin County, which is Columbus, they have used their waiver funding for things like investing in neighborhood settlement houses so that they bring resources to community-poor neighborhoods where families live. This means we move fewer children because they have a resource in their community.

The agency is also invested in an educational partnership for academic success for its kids in foster care. It brings tutoring and transportation and educational enrichment to those kids. Since it has been in place, their graduation, their attendance, and their academic performance have all improved.

In Lorraine County, they did a whole philosophical change from rescuing children versus placing them. They dramatically changed



how many kids they were placing. Back in 1995, they had 350 kids in placement. Today, they have 90 kids in placement. Their average length of stay back then was 53 months; today their average length of stay is 10 months. You look at kids in APPLA, long-term foster care, they had 87 kids back then; today they have one.

While they have reduced the number of kids in care and in congregate care, et cetera, they have greatly improved the quality of foster care. They keep their foster families like the National Reserve: ready and waiting. When a child is placed in foster care, they only place one child or one sibling group in one family. They do not overload them. That really makes a big difference for these kids.

In Richland County, which is Mansfield, they invested funds in multi-systemic therapy, which is an evidence-based program for troubled youth and their families. That greatly retained a lot of unruly youth in their families. They also invested a lot for timely adoptions. In fact, they have received the HHS "Excellence in Adoption" award for timeliness a few years ago.

A hallmark of this program is support of relatives and kinship, and they really support their extended families. They are very externally oriented, too. Their YMCA gives free YMCA memberships to all of their kinship families.

I do want to just talk a moment about the IV-E waiver design. It is an experiment, and therefore there are evaluation issues. We have a comparison and control design which basically prohibits any counties of size from adding into the waiver. That is why only one-third of the State is in the waiver, because they need like counties for control. Some States have time series designs, which is a nice thought to think a whole State could participate.

The last thing I just want to say is that I would request Congress aggressively move to make broad reform in Federal child welfare funding. IV-E was designed to pay for foster and adoption care. It does it well, but it is not the only thing we need. We need prevention, diversion, ongoing support services for these families, and we need to get rid of the antiquated 1996 income standards. In Ohio, a family must have about \$4,000 a year for a family of four in order to be IV-E-eligible, and that is unacceptable.

Thanks for hearing about our waiver experience. I would be happy to answer questions.

The CHAIRMAN. Thank you, Ms. Allen.

[The prepared statement of Ms. Allen appears in the appendix.]

The CHAIRMAN. Dr. Bell, you are batting clean-up here.

**STATEMENT OF DR. WILLIAM BELL, PRESIDENT AND CHIEF EXECUTIVE OFFICER, CASEY FAMILY PROGRAMS, SEATTLE, WA**

Dr. BELL. All right. Good morning, Chairman Baucus, Ranking Member Senator Hatch in his absence, and all the members of the Senate Finance Committee. Thank you for the invitation to join you today. I am William C. Bell, president and CEO of Casey Family Programs, a national foundation committed to improving the lives of vulnerable children and families in America.

Casey Family Programs has been serving children in foster care for nearly 45 years, and we have come to believe that the goals of

child welfare should be both to keep children who have been abused and neglected safe from further harm, and to prevent the need for foster care in the first place by strengthening vulnerable families and their communities.

Casey understands that it takes both human and financial resources to be successful, and so we have committed to spend approximately \$1 billion of our own endowment over the next 9 years to help protect and support our Nation's most vulnerable children.

However, we know that, in order for us to meet the goals of safely reducing the need of foster care in this country, we must partner with public and private agencies, communities, advocates, other private philanthropies, and all branches of the State and Federal Governments. This is why we are so grateful that you have dedicated this time to discuss how the expansion of waivers can help improve outcomes for children in foster care and those at risk of entering fostering care.

Since Casey began its 2020 strategy for America's children, there has been a 17-percent reduction in the Nation's foster care population, from just over 510,000 children in out-of-home care in fiscal year 2005 to just over 420,000 in 2009.

I believe this is in part due to an increasing number of child welfare agencies working successfully with families upstream, identifying other safe alternatives for children besides foster care, and emphasizing prevention and post-permanency support as integral parts of child welfare practice. However, many States across the country are facing dramatic budget cuts, and many of the innovative and prevention-focused services that help reduce reliance on foster care are most at risk of being cut.

According to the National Association of State Mental Health Program directors, States are making unprecedented cuts in mental health spending: nearly 4 percent as a national average between 2008 and 2009; an additional 5 percent from 2009 to 2010; and 8 percent or more projected for 2011.

These cuts reduce community-based treatment for children and parents at risk of becoming involved in the child welfare system and/or foster care placement. Research shows that lack of community mental health and substance abuse services increases demands on families. It increases demands on the child welfare system and other Health and Human Services programs.

There are specific State examples as well, such as in Illinois: the Governor's budget proposal cuts approximately 10 percent of the Department of Health and Human Services' budget, including a proposed mental health budget cut of \$35 million. Advocates say that more than 70,000 people, including 4,200 children, are in danger of losing basic community-based services.

We believe that enhanced flexibility through waivers could help States continue these evidence-based programs within their current Federal funding. If we are to continue the positive momentum and capitalize on progress already realized on behalf of our children, we must consider changing our policies around child welfare financing. We need finance reform that funds and institutionalizes the kinds of innovative practices that produce the positive results and outcomes we desire. Title IV-E waivers are an important step in that direction. Each of the seven States that have current waivers has

the flexibility waivers, and countless other States who received waivers under the previous authority have demonstrated that innovation and improved outcomes can be achieved.

One waiver State that has been particularly effective is Florida. Florida has reduced the number of children in foster care by nearly 35 percent between fiscal years 2005 and 2010. They have done so because they are now able to take title IV–E dollars that normally would have been limited to foster care and use them to support front-end services, allowing children to remain safely at home and preventing the need for more expensive forms of out-of-home care.

Florida was also able to protect its child welfare department from drastic budget cuts because, under its title IV–E waiver, they were required to invest a certain level of State funding in order to receive the Federal funding. Florida then reinvested these dollars in programs and services that better met the needs of children and youth in foster care, particularly those who were most vulnerable, youth about to age out of foster care.

For example, Florida has used some of its reinvestment to fund the option in Fostering Connections to extend foster care to age 21, and to provide enhanced support to youth to encourage them to stay in school or find employment. We are learning more each day about how best to serve our most vulnerable children and families. Federal financing policies need to keep pace with what we are learning; however, until Congress passes comprehensive child welfare finance reform, we urge you to reauthorize the waiver program so that more of our resources are available to support innovation and more effective interventions that better meet the needs of all of America's most vulnerable children.

Chairman Baucus, you said that, at the passing of Fostering Connections, that our work was not yet finished. I thank you personally today for seeking to continue that work and moving towards comprehensive finance reform with these hearings today. I thank you for the opportunity to testify today, and I look forward to responding to your questions. Thank you.

The CHAIRMAN. Well, thank you very much, Dr. Bell.

[The prepared statement of Dr. Bell appears in the appendix.]

The CHAIRMAN. I would like you to tell us, Charlie and Jojo, now that you have heard Ms. Allen and Dr. Bell, what are some of your experiences that you think they are addressing that are being addressed, and which ones not? What are your basic suggestions in addition to what they have said? They talk about the waivers, the experiment waivers, and just the progress that a lot of these waivers have made. So just a couple of thoughts. If you want to make the system better, what would you suggest? I know, Charlie, you talk about connections. So how can we make better connections?

Ms. MCNEELY. For me, I think prevention is key. And I think that is the whole concept behind keeping a family together, is preventing foster kids from even having to enter care. Sometimes entering care is inevitable, especially if the parents are a threat or a danger. So while they are in care, I think it is important to keep, like I said earlier, those sibling connections. They are very important, and for people to advocate for the youth to be connected to their extended family, their biological family, and build those healthy relationships while in care. I think having that safety net

of the foster care system while the child is in care will help them, when they transition out of care, to know how to reconnect with their siblings in a healthy manner, in a way that will set boundaries.

The CHAIRMAN. Now, why did that not happen with you? Why was there not enough of that with you?

Ms. MCNEELY. I think for the most part I was removed from my family, and then that was that. I was removed from my family and was not encouraged to really be able to accept them as my family and try to find a new family in the foster care system. And since I did not have an idea of permanency, then I did not have that when I exited the foster care system, so I had to try to find it later.

The CHAIRMAN. I know. But was the inability to connect, is that bureaucracy? Did you say, hey, I want to better connect with my extended family?

Ms. MCNEELY. I think a lot of it had to do with me moving around a lot—

The CHAIRMAN. Yes.

Ms. MCNEELY [continuing]. And being in group homes and congregate care facilities.

The CHAIRMAN. All right. Jojo, what about you? I mean, you were in foster care for 10 years.

Ms. MURDOCK. Yes, I sure was. One of the things that really hit home for me when you guys were speaking was the idea that there has been a reduction due to the flexibility of the money. For kids who are aging out, that is really where my heart is. That there is an extended—in Florida you said they extended it to the age of 21.

For me, if that would have happened, I think it would have made such a big difference. It would have given me more time to be honest about how I was feeling about the fears of aging out, the fears of being on my own and not feeling like I was fully prepared. But people expecting that, when you have sort of this lure over you and you do not want to be that statistic, you do not want to be that person falling into that category, but yet you need to go and be ready.

I just ask who you guys, how many kids do you guys know who still go back home to their parents and they are 24, they go back home on college visits? They go home. But where is home for us? Where is that after you have aged out if you have not made those connections? And, if there was not flexibility in supports, then how do they expect us to make those connections if that is not a clear path for us?

The CHAIRMAN. Let me ask Ms. Allen and Dr. Bell: have these changes been made, to age out better, maintain connections, make it easier? I mean, is that the point of some of these experimental waivers or not?

Ms. ALLEN. Well, it absolutely is. As a State, Ohio has not picked up the option for the older youth, but we have done a lot for our kids who are aging out. In fact, we are hosting a summit with our Board of Regents and the child welfare community in May that offers a lot of issues for transitioning.

Like, recently there was a great article in the *Dayton Daily News* where Wright State University, one of our colleges that works a lot with transitioning youth, are now opening a separate dorm so that

kids can stay year-round. So we do a lot of things for the transitioning youth with the flexible funding, without keeping them in custody.

The CHAIRMAN. What do these waivers show? What misconceptions do they expose and what new ways—maybe old ways—confirm? What do they really show? What is best?

Ms. ALLEN. Chairman Baucus, one of the things that we have seen is that investing in the kin, the relatives and other kin who serve as placement resources, makes a huge difference. In fact, we are going to have very rigorous evaluation about that in this current iteration of our waiver. So that is a very big thing. Under our Kinship Navigator grant, the counties are serving the families that are not formally involved with the child welfare system, but a lot of relative families are formally involved. We know that some of the research says those families get fewer services. We are investing in a lot more support and services to them because we know the extended family is very important; the stability and the performance in school and the community is so much better for those kids.

The CHAIRMAN. My time has expired. But, Dr. Bell, if you have something, you can have 30 seconds.

Dr. BELL. Yes. What I would say is that waivers have shown that they are not a silver bullet. They are an opportunity to improve upon what we currently have. I think we have to be concerned about States who are waiver-ready and who have demonstrated that they have a clear plan of action and they have been moving towards improving outcomes.

Flexible funding waivers, as distinguished from single-project waivers, allow for States to expand the use of their dollars and Federal dollars to pay for services that are absolutely needed to keep children safe in their communities but are not available under the current way financing is structured.

I think what the waivers have also demonstrated is that the real solution is comprehensive finance reform, because waivers are a temporary step. We have to make sure that we change the way Federal dollars are allowed to be spent. I think that is what we have learned from States like Florida, and counties in California.

The CHAIRMAN. Thank you. Thank you very much.

I would like, now, to call on Senator Cantwell, who has a good Seattle, WA connection here.

Senator CANTWELL. Well, thank you, Mr. Chairman. Thank you for having this important hearing. I think looking at the waivers, since it has been since 2006, is very important, I mean, just from the perspective of inequity and balance of States.

I know we are in Washington here and we like to regulate, but our Washington, we like to innovate. We are not allowed to innovate in this example versus other States who have already been given waivers. But I very much appreciate you having this hearing and look forward to what legislation we might be able to do to re-institute the Secretary's power to give waivers.

And thank you to the witnesses. Thank you so much for being here. It is just such a testament to your fortitude that you are here testifying before the U.S. Senate. Neither of you appeared nervous,

but I just hope you are taking it all in in this important moment. And thank you, Ms. Allen and Dr. Bell.

Dr. Bell, so we are here today because we have that perverse incentive that is currently in the system. For Washington State, our system, we want to reward good outcomes and permanency and keep families together and intact. The fact that we are actually penalized for those innovative strategies is a problem, but we have actually been able to, in Washington State, reduce foster care case-loads by 13.8 percent from 2008 to 2010, and yet we have actually lost Federal dollars over that time period.

So, in this current budget crisis, it seems to me that we ought to be moving faster towards these innovations. I think one of my State colleagues, Ruth Kagi, said it best in the State when she said the waivers can help States move from purchasing specific services to purchasing specific outcomes.

Dr. BELL. Right.

Senator CANTWELL. And I think that that is really what we are trying to do overall in health care, is move towards outcome-based solutions.

So, could you tell me a little bit about the cost savings and the reinvestment of those savings, and how we get better outcomes?

Dr. BELL. Yes. As I said in my oral testimony, the real challenge is making sure that we understand what we are seeking as desired outcomes in the first place. I think that is one of the steps in an application process for a waiver that we should be looking at: has a State demonstrated that it has a clear perspective on what outcomes it is looking to purchase? The way current Federal dollars are structured, they purchase foster care. They do not purchase prevention, they do not purchase up-front services, they do not purchase services to adoptive families and to reunified families to keep those children at home once they leave.

This year, 30 percent of the children who are placed in foster care across this country will be coming back to foster care for either their second, third, or fourth time in foster care. I think that the waivers will create an opportunity, and we have seen that in the States that have them. Flexible funding waivers create an opportunity for us to say, what are the outcomes? And so, I would suggest that increasing permanency is a desired outcome.

Improving safety is a desired outcome. Reducing reentry into foster care is a desired outcome. Improving the quality of existing foster care services has to be a desired outcome. And improving the adult outcomes for youth aging out of care is one of those outcomes. So, in structuring a waiver program, I think that we have to structure it so that it is not just "pick where you want to go," but let us talk about where we want to go as a Nation in terms of the outcomes that we want for our children, and then structure our resources so that they cover those costs. I think one of the pieces that I also mention in my oral testimony is, there needs to be a requirement that States also maintain their investment in this funding, as well as the Federal dollars, so that we can make sure we have the most resources possible available.

Senator CANTWELL. How do you think Washington State has reduced its caseload so significantly? I am sure the Casey Foundation and others have been key parts of that success.

Dr. BELL. Well, I think that, again, that is one of those points of, are you ready for a waiver? I think that one of the reasons Washington State has reduced its caseload is the same reason that I think other States can be successful and be ready to receive a waiver. I think you have to have the political will necessary to own the responsibility for the services. I think you have to have a clear plan of action for what you are trying to achieve and what the results are that you are looking for.

I think you have to have data-driven accountability so that you can measure whether or not you are moving down that pathway. And I think you have to have a sustained commitment to continuing that work. In many jurisdictions, when a tragedy occurs, there is an outcry and a call for change at the top or change in a system. I think we have to develop the capacity to recognize that results are going to be achieved over a multi-year period of time and we have to stick to it, and I think Washington State has demonstrated that it is willing to spend its own resources to do that and willing to go down that path.

Senator CANTWELL. And I guess I would say, because I see my time is almost up, that reducing the caseload on the front end is probably one of the best tools that we could have to preventing Federal expenditures. I mean, it is the wisest way to deal with this situation.

Dr. BELL. Right.

Senator CANTWELL. And yet, there is this perverse incentive to dealing with that.

Dr. BELL. Right.

Senator CANTWELL. And I think we heard from our two witnesses today that there were family members, there were scenarios that could have been explored. But I am sure no one was getting paid to explore those, or basically had a regulation in front of them that said, this is exactly what you are allowed to do and nothing more. So I think this is so important in the delivery of efficient care. I do not want to just emphasize that end, because the heartfelt emotions and pain and suffering that these young women have gone through could have been a little different.

Dr. BELL. Right.

Senator CANTWELL. It is such a very real part of this story.

Dr. BELL. It is.

Senator CANTWELL. It is about making those connections for people up front that could have given them that sense of permanency in a different light, and also it can save us huge Federal dollars in keeping people out of the system to begin with.

So I hope we will look at this, Mr. Chairman. Thank you so much for this important hearing.

The CHAIRMAN. Thank you, Senator.

I have one more question, actually, and that is about the experimental design. I might ask Ms. Allen this question. Is that working?

Ms. ALLEN. Chairman Baucus, it is working. I work with all the counties State-wide, so my goal is not just to assist the counties that participate in the waiver, but to lift up our child welfare system across the State. As the counties in the waiver have flexible funding to innovate, the other counties start to replicate. So we are

comparing ourselves to like counties, but they are replicating themselves. So I really like the time series evaluations that Florida and California do.

The CHAIRMAN. Now, is each allocated the same number of dollars? Because it is my understanding that some of the control counties, I think, are a little concerned that they are not getting the same dollars that the waiver counties are getting, or vice versa. I am just curious, what is all that about?

Ms. ALLEN. Certainly, Chairman Baucus. The control counties get traditional child welfare funding, so they get reimbursed for a portion of their placement cost. The waiver counties get—I mean, each waiver is structured differently. Ohio's, they get kind of a set amount of funds based on their historical placement cost. Then we actually have an inflator or deflator based on a per diem rate. So it is a little complicated, but that—

The CHAIRMAN. Do you think it works out pretty well, or is it a little biased?

Ms. ALLEN. It is working out very well for the waiver counties.

The CHAIRMAN. What about for the control counties?

Dr. BELL. If I might add, Chairman Baucus, I think that the issue is, when you look at it from a funding perspective, you are comparing flexible funding waivers and comprehensive finance reform to traditional financing. Traditional financing limits the spending capacity of States; when the kids go home, you lose Federal dollars.

I think that the challenge on the experimental design—I think what we have learned from California and Florida is that you can create a design that actually compares a system against itself. Look at what you would have done if you had to continue spending what the traditional spending practice is, and look at what you are capable of doing in a flexible funding waiver. I think that that takes care of some of the issues that many States had in the old waiver environment, which was, we do not want to have to deprive a child of services that we could provide if we had this waiver.

So therefore, when you have that traditional research experimental design with a control group, you are saying to some kids, I will give these services to these kids because they are in the test group, but I will not give them to you because you are in the experimental group. States just find that very challenging, I think, absolutely correctly. We should not do that to children. So I think that what we have learned from the designs in California and Florida should be used to help us in restructuring how we design waivers going forward.

The CHAIRMAN. Well, thank you very much.

Senator Cantwell, any other questions?

Senator CANTWELL. No.

The CHAIRMAN. Thank you very, very much.

Before we leave here, let me ask again, Charlie and Jojo. Anything kind of in the back of your mind you want to say? You know, something that has not come up yet, something that should. Some nagging little something that is kind of telling you, gee, that should have been raised or addressed. Anything? I will just give you a chance and opportunity if something is coming up.



Ms. MURDOCK. I just know how important it is for us to connect these kids. If they are to be in the system, regardless of—say they have no other place, and we have left them in the system. It is so important for us to connect them to some type of community. So, regardless of how that money is used in order to do that, that should be our primary goal, because in the long run we are going to end up paying for it, after they exit care, through other sources—

The CHAIRMAN. Yes.

Ms. MURDOCK [continuing]. If we are not rising to the call and taking care of it before it becomes an issue, if they have to be in foster care. So, having those mentors, having programs that support those kinds of things and giving them the resources they need, I think is so significant.

The CHAIRMAN. Yes. I saw the importance of connection firsthand, and that was several years ago. I was going around my State of Montana to junior high schools on anti-methamphetamine campaigns. We had law enforcement, counselors, and all kinds of people. It was very interesting. As part of doing this I would say, all right, raise your hand if you know somebody who is on meth. I would say more than half the hands went up. Over a couple, 3 years, there are still a few hands that go up, but fewer.

Anyway, at one of these sessions at a pretty big junior high school, everybody left. This little kid came up, and I could tell he had problems. There was something bothering this kid. He came up to me and he said, "My mom is on meth." He said, my mom has been taken away from me, or I have been taken away from my mom. I have forgotten what it was. I said, "How are you doing?" "Not well." He started to cry. I just decided right then and there, I am going to mentor this kid and follow up, and I have. His mom died a couple of years later. He was placed in a foster home in Billings, MT. We visit a lot. I ate more ice cream than you could imagine. [Laughter.]

We have ice cream together with Danny. His name was Danny. Then he was placed in another foster home in a small town in Montana, and that made a big difference to him. First of all, I was reminded of him when you talked about your foster mom. He loved her, and called her mom.

Ms. MURDOCK. I did call my foster mom mother, too.

The CHAIRMAN. When I go to see him, it is his mom, his mother. She was terrific. It was a small community. Also, he graduated a couple, 3 years ago, and I spoke at his graduation. But it was the connection of a small community. That foster home was in a small community. Now he is off with his brother, frankly. But you are right about those connections with family. And not just family—it is community and sleepovers, and all that. It just made a huge difference to him.

Ms. MURDOCK. Yes.

The CHAIRMAN. So, anything else you want to say?

Ms. MCNEELY. And not to repeat anything she said, but just to stress the fact that connection is important. Because, when I exited the foster care system, I did have some pretty awesome foster parents who helped to mentor me. I think it is important for foster kids to establish that sense of permanency early on before they

even exit the foster care system. So I think that is one thing that kind of came up, but just to know that it starts way before the child even starts that transition out of the foster care system.

The CHAIRMAN. Yes.

Ms. MURDOCK. Yes. And including children in those permanency issues, making sure they understand what that means, their transition plan. Because I had no clue what permanency was. I wish somebody would have told me what that really meant, and on a personal level, too.

Ms. MCNEELY. Yes.

Ms. MURDOCK. That they are proactive in the process.

Ms. MCNEELY. Yes.

The CHAIRMAN. Well, I have another idea for connection in a little different way.

Ms. MURDOCK. Oh, yes?

The CHAIRMAN. Yes. Every summer, we in the committee hire a student who is a graduate of the foster care system. In fact, sitting behind you is Nicole Marchman. Nicole is an intern for us. So, Charlie and Jojo, if either one of you want to work for us to be an intern, I am serious about that. Just let us know, all right?

Ms. MCNEELY. That would be awesome.

Ms. MURDOCK. We will have to take you up on that.

The CHAIRMAN. In the meantime, when this is over, we have a photographer back here so we can get this Facebook thing going.

Ms. MURDOCK. There we go. That is going to be my main photo: I went to the Senate.

The CHAIRMAN. But you guys have been terrific. Thank you, both of you. Ms. Allen, Dr. Bell, you clearly care. You are clearly deeply involved in making a difference. So, thank you very, very much.

The hearing is adjourned.

[Whereupon, at 11:16 a.m., the hearing was concluded.]

# APPENDIX

## ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

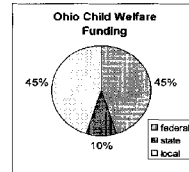


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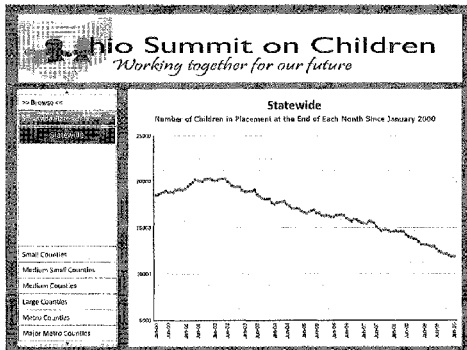
### US Senate Finance Committee Testimony Innovations in Child Welfare Waivers: Starting the Path to Reform March 10, 2011

Good morning Chairman Baucus, Ranking Member Hatch and other members of the US Senate Finance Committee. It is an honor to be here to talk with you today about innovations in child welfare, using flexible Title IV-E waiver funding. My name is Crystal Ward Allen, I am the Executive Director for Public Children Services Association of Ohio – a non profit membership organization serving Ohio’s 88 county public child welfare agencies through support of program excellence and sound public policy for safe children, stable families and supportive communities. PCSAO is also Project Manager for Ohio’s *Fostering Connections Kinship Navigator Grant*.

Ohio is only one of thirteen state supervised, county administered child welfare systems in the nation, and our funding system is heavily dependent upon local and federal investment. We are very proud to be fiscally accountable – depending upon the generosity of local taxpayers every few years, and *Ohio recently earned a 96+% compliance rate on our federal Title IV-E eligibility review.*



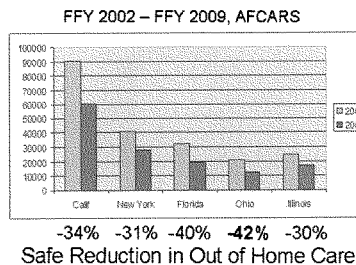
Ohio has enjoyed a Title IV-E Budget Neutral Flexible Funding Waiver since 1997, and we anticipate a five year renewal. 18 counties – a mixture of metro, suburban and rural communities and constituting one-third of Ohio’s population – participate in the waiver. These counties often lead the way with innovations, allowing other counties in Ohio to replicate their successes. As you can see from the Supreme Court of Ohio’s Court Improvement Program chart to the left, Ohio has made a steady, intentional safe reduction in child placements, between January 2002 and January 2010. See more at <http://www.summitonchildren.ohio.gov/AttvSvcs/ctsr>.



The flexible federal funds have been essential in our Safe Reduction of Children in Foster/Group Care by Strengthening Families – rather than be restricted in investing our Title IV-E funds only for placement costs – a critical resource for child safety, but only half the job – our waiver allows investment in the whole continuum of child welfare services: community based prevention services, family strengthening diversion and safety

planning services, support of relatives and other kin, enhancing the quality of services for children and youth in care, and targeted and aggressive reunification services and post placement services.

I'd like to take a moment to provide a bit of data regarding improved outcomes. You can see from this AFCARS chart, federal data showing high performing states that have safely reduced the number of children experiencing the trauma of foster care. **Four of the five high performing states – California, Florida, Ohio and Illinois – had Title IV-E Waivers.** You can view more at [http://www.acf.hhs.gov/programs/cb/stats\\_research/index.htm#afcars](http://www.acf.hhs.gov/programs/cb/stats_research/index.htm#afcars).



Below, you can see Ohio data that shows even when experiencing a 15% increase of reports of child maltreatment – we believe due to the stressed economy – Ohio continues to better serve our children by safely investing in families vs. placement. Not only are we placing fewer children, but they are staying in care for shorter length of stays – with more timely reunifications, permanency with relatives or adoptive families. And safety, as measured by repeat reports of child maltreatment, has not been compromised.

Ohio Statewide Trends	2009	% Change 2001 - 2009
Children in custody at least a day	23,139	34 % decrease
Children in custody at year-end	11,721	42 % decrease
Children awaiting adoption	2,897	46 % decrease
Reports of maltreatment	116,216	15 % increase

Below are a few examples of how the flexible IV-E waiver funding has been invested locally, to improve outcomes for our children and youth:

**Franklin County Children Services (Columbus)** – a key use of waiver funding has been an increased investment in neighborhood settlement houses that strengthen resource poor communities where our families live. These community centers then offer parent mentors and parenting skills classes, afterschool enrichment programs for students, and access to hard services such as utilities assistance, food pantries, etc. We know foster children return to their families and neighborhoods, and enriching the community will facilitate better outcomes. Franklin County Children Services also created the Education Partnership for Academic Student Success – for middle and high school foster students. Educators, often retired, are hired to meet weekly with students to assist with educational needs including homework skills, transportation, extracurricular activities, etc. They also serve as student advocates and facilitators between the family, school and the child welfare agency. Educational outcomes for the foster youth have improved greatly in terms of attendance, grades and graduation rates.

**Lorain County Children Services (NE Ohio)** – the philosophical change from rescuing children with placement vs. keeping them safe by investing in families, has had a major impact in local outcomes, as you can see from the chart below. And, they have been excellent performers on the federal Child and Family Service Review (CFSR) “report card”.

Lorain CCS Outcome	1995	2011
% of budget devoted to placement costs	48%	11%
# children in custody	352	90
# children in group/residential	56	22
Average length of stay	53 months	10 months
Children in APPLA (long term foster care)	87	1

Lorain County Children Services is all about safety and quality however, and has greatly focused on improving the care for foster children and youth. When children do need out of home care, the agency invests their funds for quality foster care. Only one child or sibling group is placed with a given foster family – and much support is offered from the agency to that family. They usually have a group of foster families ready and waiting – much like the National Reserves. This greatly enhances the care and outcomes for these foster children.

**Richland County Children Services (Mansfield)** – Whether developing a Multi-Systemic Therapy program to work with troubled youth and their families in-home, investing in behavioral health assessments and services for families working on reunification, or achieving timely permanence for children when families cannot reunify (Richland CCS received an HHS Excellence in Adoption Award for timely adoptions), this agency is aggressive on behalf of the children it serves. Identifying, supporting and assisting relatives and other kin caregivers, including efforts to secure legal custody or guardianship, is another hallmark of Richland County Children Services. They believe children thrive better with safe familiar families and limited governmental intrusion. Use of the Title IV-E Waiver flexible funding has been invested in a variety of ways, and like Lorain County, Richland County has superb CFSR outcomes. The agency is very externally focused, engaged in partnerships with community service providers, the local YMCA, medical and law enforcement entities to prevent or safely receive abandoned babies, and others to help build awareness and resources in a community ravaged with unemployment.

**As the Title IV-E Waiver is designed as an “experiment” to demonstrate whether flexible uses of federal child welfare funds improves outcomes, there are research / evaluation aspects.** Ohio’s waiver allows 18 counties to participate in the demonstration and has a group of “like” counties that serve as the control group. Unfortunately, this limits the addition of any counties of size, as it would put an imbalance in the experimental design. Some states, such as California and Florida employ an alternative “time series” evaluation design to measure performance across time.

**The evaluation is also set up to contribute to the body of evidence based practice and knowledge.** Ohio’s most recent five year evaluation showed very promising information for the practice of **Family Team Meetings** for open cases (not just custody cases), engaging families, caseworkers/supervisors and other involved providers with a trained facilitator to embrace issues and jointly seek solutions. The family engagement seems to improve outcomes with fewer placements and more kin placements when families cannot safely care for their children. This practice will have greater fidelity and higher quality data and evaluation in the next five years. **Enhanced Kinship Supports** was also promising in our recent evaluation, but not well defined, so the Ohio waiver counties will have greater fidelity to a common practice on this topic as well, and improved data collection and evaluation. Rigorous evaluation of these common strategies will further contribute to the body of knowledge for excellent child welfare practice.

While Ohio is pleased to have waiver evaluation data on particular practices, we are clear that flexible financing – like **Ohio’s Title IV-E Waiver – improves child outcomes.** With a well trained workforce, excellent tools such as Ohio’s safety, risk assessment and family planning tool (CAPMIS), and integrated community partnerships, we can better protect children through strengthening families (birth, kin and adoptive), and improve outcomes for those children and youth in, and transitioning out of care.

**Thus, I would request that Congress aggressively move to make broad reform in federal child welfare financing.** Title IV-E was designed to pay for children in foster and adoptive care. That is what it does, and while foster/group care is necessary in some cases, it should be used less frequently and as a temporary status. Title IV-E should be allowed for the full continuum of care (prevention/diversion services, placement, and reunification/post placement services) - fewer children would end up in foster/group care and fewer would linger in care for long periods of time. Title IV-E is also saddled with antiquated 1996 AFDC income eligibility standards – yes, real income set 15 years ago! It is time to eliminate or update the income standard. All children deserve a federal investment for child protection.

Thank you for hearing about Ohio’s waiver experience. I would be happy to respond to any questions.

United States Senate Committee on Finance  
Public Hearing  
"Innovations in Child Welfare Waivers: Starting on the Pathway to Reform"  
March 10, 2011

Responses to Questions for the Record From Crystal Ward Allen

**Senator Max Baucus:**

**Question 1:**

A Reformed Foster Care System

States participating in the demonstration program have improved their child abuse and neglect prevention and family preservation. Expanding the waiver program to other states could be part of a larger reform of child welfare financing that would focus more on family preservation and permanency placement for youth removed from their homes.

In your testimony, you mentioned that feel that Title IV-E funding should be allowed for the full continuum of care.

**Could you elaborate? What does a foster care system with that sort of flexibility look like?**

**TODAY'S CHILD WELFARE FRAMEWORK**

Each state and county child welfare agency follows common federal law and regulations pertaining to child safety, stability and permanency. Big picture, I believe we have a good outline to follow:

- Careful safety and risk assessment.
- Authority to intervene upon a safety risk, and a mandate to make every reasonable effort to safely maintain children in their own home.
- If placement is necessary, direction to seek and support safe placement with relatives / kin first, then utilize trained and qualified safe foster caregivers as a backup. Attention must be given to both the needs of the child and the caregivers.
- Placement of children in quality group or residential facilities to be used sparingly, and only based on the child's treatment needs. Return to a community based family setting, with appropriate services, should be achieved as soon as possible.
- Aggressive pursuit of permanency – reunification with the child's family if possible – if not, seek permanency with relatives or other kin, or with adoptive families.
- Focus on improving outcomes for those children in care, and those transitioning out of care.

Judicial oversight helps ensure timeliness and quality, and the Court Improvement Program has been excellent. The Adoption and Safe Families Act (ASFA) of 1997 set timelines, pushing us to measure time through the eyes of a child, effectively improving our timeliness re: permanency decisions and actions.

ASFA also created the Child and Family Services Review (CFSR) – a federal child welfare performance report card for each state; again, big picture it measures many of the right things, and HHS continues to tweak it with input from the States. I know for Ohio, we do have tweaking opinions, but CFSR outcomes do highlight our areas of excellence, while exposing our areas of weakness. Ensuring a qualified and well trained workforce is essential.

The Chaffee Program and the Fostering Connections to Success Act of 2008 focused on, and offers federal funding support for older foster youth and permanent relative caregivers. It also focused States on improving our educational and health outcomes for children and youth in care.

#### **A REFORMED CHILD WELFARE FINANCING SYSTEM**

Unfortunately, funding drives philosophy and practice. In 1980 when Title IV-E was established, rescuing children with placement was the state of the art. Federal funding improvements have been related to placement.

At this point however, Ohio and other States with Title IV-E Flexible Funding Waivers have been wonderful petri dishes for your review, and we have shown greatly improved outcomes. I fully believe reforming child welfare for improved outcomes depends upon leadership, a well trained workforce, supportive communities and flexible funding for the full continuum of child welfare services, not just placement. As noted above, the federal government has laid out a good outline for child welfare, and an accountability framework (CFSR) to focus child welfare on certain items, and track these.

It is time for Congress to reform Title IV-E Financing to the improved state of the art - Protecting Children by Strengthening Families. Thus, after much study of the issue, discussion and endorsement of Ohio's county child welfare directors and our State leadership; much discussion with other State leaders and national experts and advocates, I bring you the following outline for federal Child Welfare Finance Reform:

#### **CHILD WELFARE FINANCE REFORM RECOMMENDATIONS**

**Federal Child Welfare Financing for the Continuum of Services** – Includes shared federal/state investments and risks, while financially managing preferred strategies (protecting children by strengthening families, limited use of temporary care).

**Allowable Services** - supports cost effective community based prevention services, family strengthening diversion and safety planning services, support of relatives and other kin, enhancing the quality of services for children and youth in care, and aggressive reunification and post placement services. Maintains strong support for necessary temporary placement and permanent families. Dis-incentivizes long term foster care regardless of custody status. Philosophically recognizes the full continuum of child welfare services.

**Eligible Children** – simplifies the current process (vs. complex and antiquated AFDC regulations), updates and maintains modern economics (vs. static 1996 income standard), standardizes across states, recognizes families with higher incomes should contribute to the cost of care for their children, and contains federal costs.

Title IV-E Allowable Services	Full FFP Rate	Reduced FMAP rate
Up front assessment, in home prevention/diversion (including differential response), voluntary and court ordered protective services, reunification, post reunification and post adoptive / guardianship services and non-placement services for children in placement (basically any Title IVB allowable service)	50% FFP Administrative/Case Management rate	
Licensed Kinship or Unrelated Foster Care under 36 months – necessary temp care, allows time for judicial decision making and finding, matching with permanent family.	FMAP varies by state	
Relative Guardianship / Adoption – Permanent families	FMAP varies by state	
Permanent Custody or APPLA (long term foster care) over 36 months		State's FMAP minus 5%
Title IV-E Eligible Children		
<ul style="list-style-type: none"> <li>• Children from Families at or under 200% of the Federal Poverty Level</li> <li>• Abandoned Infants, as they have no income information</li> <li>• All special needs adopted children</li> </ul>	FFP as outlined above for eligible services	

**Question 2:**The Challenges of a County-Based System

Child welfare systems can be state administered or county administered. There are only thirteen state supervised, county administered child welfare systems in the nation. A new waiver might also address the differences between child welfare systems in poorer vs. non-poor counties, urban vs. nonurban counties, and state- vs. county-administered child welfare programs.

We know that waiver states have been authorized to use IV-E Funds for a diverse set of projects. You have watched eighteen different counties participate. My state, Montana, does not have a county based system.

Can you speak about some of the challenges that county-based systems, in particular, face?

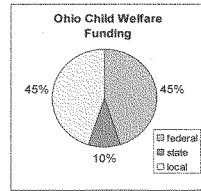


**OPPORTUNITIES AND CHALLENGES FOR COUNTY ADMINISTERED CHILD WELFARE SYSTEMS**

**Community Responsiveness, Relationships, Accountability** – it was once said that all politics are local, and it is also true for services and relationships. A community based system can be very responsive to its children, families, community resources and taxpayers. Community resource mapping identifies unique resources that may not be available statewide. Rural Appalachia Ohio has differing expectations and community resources than Cleveland, OH – both however, have significant challenges and very high poverty rates. Flexible funding allows child welfare systems to maximize their community resource opportunities while individualizing services for each child – in order to do the right things right, the first time, every time, one child at a time.

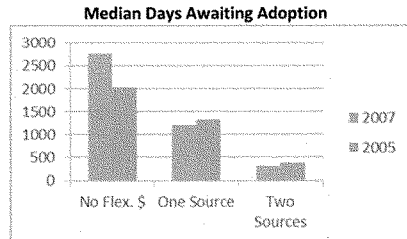
**Leadership** – As would be true from one state to another, counties in Ohio depend upon the current leadership for excellence in child welfare. Ohio has been working to provide leadership development opportunities to our county executives (PCSAO maintains an executive leadership fund that will pay 50-75% of the tuition for various programs); we also encourage organizational excellence and have actively promoted the Council on Accreditation process. In fact, we have 25 COA accredited counties, serving 60% of Ohio’s population (seven additional counties are in progress). This provides stability for excellence as leaders transition.

**Differing Funding Bases** – Statewideness is most challenged in Ohio when reviewing available funding. As noted before, only 10% of the cost of child welfare in Ohio is provided by the State, the rest generally equally divided between federal and local sources. We have 88 counties – 45 counties (comprising 80% of the states’ population) have local taxpayer voted property tax levies dedicated to child welfare, thus, providing an important source of flexible funding. Of recent years, by highlighting our innovations and improved outcomes, Ohio has seen excellent local support of these tax levies.



However, 43 counties (comprising 20% of the state’s population) do not have local levies, and depend upon their local government for supplemental funding, competing with local law enforcement, emergency medical services, even the dog catcher for scarce resources. They generally have a much higher reliance on the formula based state allocation, and fewer overall resources for services. The gap between the haves and the have nots seems to be widening as our state budget is crunched.

**Flexibility Matters** – what is the impact regarding the amount of funding, local or federal accountability for the funding, or the flexibility of the funding? Fortunately, flexibility of any funding makes an important difference.



Data analysis by Sue Mangold, JD, Professor at the Buffalo Law School, State University of New York, and Catherine Cerulli, PhD, JD, Director of the Laboratory of Interpersonal Violence and Victimization, at the University of Rochester

PCSAO has been working with researchers in recent years to link child welfare outcomes to types of funding available. We were invited attendees at the National Institute of Health’s Community Based Research Conference last winter, and have been invited to submit a research proposal to the Robert Wood Johnson Foundation on this topic. Using longitudinal PCSAO data showing Ohio county child welfare outcomes and types/amounts of available funding over the years, they are examining the effect of funding (federal categorical, flexible IV-E waiver funding, flexible local levy funding) compared to some CFSR indicators. Early results show a high correlation between flexible funding and improved child outcomes.

Thank you for considering Ohio’s experience, data and recommendations for federal child welfare finance reform.

**Baucus Hearing Statement of Senator Max Baucus (D-Mont.)  
Regarding Innovations in Child Welfare**  
*As prepared for delivery*

In its 1981 report to Congress, the Select Panel for the Promotion of Child Health said:

“Children are one third of our population, and all of our future.”

Today, we will discuss the future as represented by the more than 423,000 children in the child welfare system. We will consider an expansion of waivers which allow states to create alternatives to traditional child welfare programs. These alternatives can improve outcomes for youth in foster care or at risk of entering foster care.

Today, we have two main goals. The first is to examine how waivers have influenced child welfare practice. The second is to learn whether a re-established waiver authority can be improved. Can these waivers be targeted to identify and refine best practices? Can they work better to increase safety, quality, and permanency outcomes for children and youth?

In 1994, Congress gave the Department of Health and Human Services the authority to approve state demonstration projects. The demonstration projects gave states flexibility in the use of certain foster care funds, which are generally used only for traditional child welfare programs.

The demonstration projects allowed states to develop alternatives to enhance care for children in the system. They provide early intervention and crisis intervention services. They reduce out-of-home placements and improve outcomes for the children in the system.

The number of children in the foster care system has declined by more than 80,000 over the last ten years and by nearly 40,000 over the last two years alone. Many child welfare experts believe this success was achieved, in part, because of states' use of demonstration waivers.

Waivers give significant financial and administrative authority to states. They give states the flexibility they need to develop, implement and conduct rigorous evaluation of alternative child welfare practices.

We must have a real understanding of the opportunities and challenges that come with child welfare waivers.

There are currently waivers in seven states that remain active under short-term extensions, but Federal legislative authority to approve new child welfare waivers expired on March 31, 2006. Congressional action is necessary to give HHS the authority to approve new waivers.

This Committee has long benefited from the presence of several child welfare champions. We are ready to engage on the question of renewing this waiver authority.

We have learned a great deal from the child welfare waivers of the past. We learned that funding preventive services, like substance abuse treatment, helps keep families together.

We learned placing kids with relatives in kinship care and guardianship makes a difference in finding permanent homes for kids.

We learned that post-adoption services help adoptive families form successful, lifelong bonds.

We learned that when foster care is the only option, state child welfare offices can partner with other state agencies. This partnership can provide additional services for kids that help them feel included and part of the community.

These realizations lead to the "Fostering Connections and Increasing Adoptions Act of 2008." This bipartisan law made improvements to programs for children in need to reflect what we had learned.

That law has been quite successful, but there is more work to be done.

As stakeholders, we have come to value prevention, safety, permanence and quality in child welfare programs. Unfortunately, our child welfare system still has inconsistencies. It does not incentivize the behaviors we value most.

We value keeping families together whenever safely possible. We value permanency through adoption and kinship care over aging out of the system. So why, for example, do we use federal child welfare dollars only to pay for foster care placements?

We have to ask ourselves these tough questions. It's time to look at other ways to structure our system.

So let us explore whether or not a new wave of child welfare waivers can help us find solutions, and let us work to answer some of the tough questions that remain as we look to reform our child welfare system.



**Senate Finance Committee  
Innovations in Child Welfare Waivers:  
Starting on the Pathway to Reform  
March 10, 2011  
Written Testimony  
William C. Bell, Ph.D.  
President and CEO  
Casey Family Programs**

Good morning Mr. Chairman, Senator Hatch and all the members of the Senate Finance Committee. Thank you for the invitation to join you today.

I am William C. Bell, president and CEO of Casey Family Programs, a national foundation committed to improving the lives of vulnerable children and families in America.

Casey Family Programs has been serving children in foster care for nearly 45 years, and we have come to believe that the goals of child welfare should be both to keep children who have been abused and neglected safe from further harm, and to prevent the need for foster care in the first place by strengthening vulnerable families and their communities.

Casey understands that it takes human and financial resources to be successful and so we have committed to spend \$1 billion of our own endowment over the next nine years to help protect and support our nation's most vulnerable children. But we are fully aware that Casey alone cannot resolve the challenges we face in this area across this country.

We know that in order for us to meet our goals of safely reducing the need for foster care in this country, we must partner with public and private agencies, communities, advocates, other private philanthropies and all branches of the federal government.

That is why we are so grateful that you have dedicated this time to discuss how federal policy can better meet the needs of vulnerable children and families, and the role of waivers to help improve outcomes for children in foster care and those at risk of entering foster care.

Chairman Baucus, Senator Grassley, Senator Rockefeller, Senator Cantwell, and other members of the Finance Committee, I am also very grateful for your long-term leadership on these issues.

The passage of the Fostering Connections to Success and Increasing Adoptions Act of 2008 was the most comprehensive reform of federal child welfare policy in nearly a decade and helped make important improvements to the quality and practice of child welfare. It also addressed inequities that existed in federal law for too long, granting Indian tribes direct access to the federal foster care and adoption program.

Chairman Baucus, I want to thank you in particular for being true to your commitment to our most vulnerable children and youth. In 2008, even as you took action to pass Fostering Connections, you acknowledged that the job of truly transforming the system to best meet their needs was still unfinished. You promised to continue working to finish the job, and I appreciate that you are a man who is true to his word. I believe that we are closer than ever to achieving real and meaningful transformation of the child welfare system, and the federal government is closer than ever before to moving that transformation from pockets of excellence to a movement of excellence in services and accountability across the country.

You can help move us ever closer to this transformation through the reinstatement of the waiver authority in Title IV-E of the Social Security Act.

This morning, I'd like to talk to you about two major issues: why we need to fundamentally transform how we approach the issues of child abuse and neglect in this country; and what Congress can do in both in the short and long term to help the nation better achieve these goals.

Namely, ensuring that federal funds are available to support a broad and effective array of services that:

1. Shorten lengths of stay.
2. Increase exits from foster care to safe permanent homes in a more timely manner.
3. And reduce entries into foster care by strengthening vulnerable families and mitigating the risk factors associated with abuse and neglect.

The reason we need real transformation in federal child welfare policy is that things have changed. We are not dealing with the same dynamics of financing in

the 1980's or even the 1990's. The paradigm has shifted. During the past few years, as we've worked within state, county and regional child welfare jurisdictions across the country, we have seen progress – progress evidenced by a rather impressive decline in the number of children in foster care, while maintaining child safety.

There has been a 17 percent reduction in the nation's foster care population – from just over 510,000 children in out-of-home care in FY2005 to about 423,000 in 2009, the most recent year for which data are available.

I believe that some of this good news is, in part, due to an increasing number of child welfare agencies working successfully with families upstream, identifying other safe alternatives for children besides foster care, and emphasizing prevention as an integral part of child welfare practice.

To continue this momentum and capitalize on progress already realized, we must consider changing our policies around child welfare financing – finance reform that funds and institutionalizes the kinds of innovative practices that produce the positive results and outcomes we desire.

Most of us probably will agree that our funding policy is not aligned with our desired outcomes. Although we agree that safe prevention and reduced reliance on foster care are indicators of the system working well and doing right by children, Title IV-E, the major federal funding source for foster care, primarily pays for maintaining eligible children in licensed foster care, rather than providing services for families before, during and after contact with the child welfare system.

The fact that Title IV-E funding cannot be used for prevention or post-reunification services has created a significant challenge to achieving better safety outcomes and finding permanent homes for children.

Many of us believe that comprehensive reform of child welfare funding is necessary. However, until comprehensive child welfare finance reform is developed and signed into law, Casey Family Programs supports the expanded use of waivers as an interim tool to allow child welfare systems to better use Title IV-E funds to broaden and improve their family support services and expedited permanency services – finding safe permanent homes for children in foster care and preventing the need for foster care in the first place.

The reauthorization and expansion of Title IV-E waivers is a critical stepping stone on the path to comprehensive child welfare finance reform. New waivers can and should be structured to evaluate new approaches to child welfare federal

finance reform that retain the IV-E entitlement while permitting reinvestment of IV-E savings resulting from reductions in the state or county foster care population. Those states experiencing declines in their foster care populations should have the flexibility to reinvest their savings not only in foster care, but also in a broader and more balanced suite of family and child support practices and services. New waivers also can be used to determine the costs of restructuring Title IV-E to cover these broader services without compromise to the principle of cost neutrality, which means not exceeding the amount Title IV-E funding would have been without the waiver. For additional information, Casey Family Programs has prepared two white papers on the topics of IV-E waivers and the need for comprehensive finance reform. They can be found on our Web site at [www.casey.org](http://www.casey.org).

In addition, in response to a request last Congress from the House Subcommittee of Human Resources, we have provided detailed recommendations for comprehensive finance reform. Our first recommendation to Congress was to align federal financing with desired outcomes. The current financing structure makes entry into foster care the trigger for federal reimbursement through the Title IV-E program. Any proposal that keeps this as the standard perpetuates the biggest challenge with the current law – the failure to align funding with desired outcomes. Casey Family Programs believes that a major restructuring of federal financing is necessary to support the outcomes desired – improved safety, prevention and early intervention with families where child safety is compromised and children are at risk of entry into foster care. We recommend limiting the use of foster care to only when necessary – and only for as long as it takes for reunification to occur safely or to find children another legally permanent home. Although it represents a major shift in policy, it can be structured in a way that controls for a growth in costs to the federal government.

We also recommend that we expand the use of Title IV-E funds to prevention and permanency services. A trigger for federal funds should be a finding that “services are needed,” rather than a finding of maltreatment and referral to foster care. This new trigger is based on the Medicaid model that reimburses the state for “medically necessary” services. This type of trigger would target children when child safety is compromised, when children are at risk of future abuse and neglect, and when they are most at risk of entry into foster care – without compromising safety.

The third recommendation was to assess future safety risks. Substantiation is often not a predictor of future risk. There are effective safety and risk assessment tools that states can use to determine more accurately a child’s safety and risk of ongoing abuse and neglect. State plan requirements should be amended to require that states describe how such tools will be used to determine whether a

family is in need of services to address the child's current safety and risk of ongoing abuse and neglect. This would require that the family come to the attention of the child welfare system, that an investigation be conducted and that the investigator determines that services are needed. All children who currently receive state or federally funded child welfare services, including families that currently receive services through the effective intervention strategy of "alternative response systems," as well as all children with substantiated cases of maltreatment and are in need of services, would be covered under this new definition.

Casey also recommended that Congress fund front-end services. Funding should cover not just foster care, but also pay for services for families identified as "needing services." Funded front-end services could be limited to a set of core services that address the needs of children with compromised safety and those at risk of entering the child welfare system. It could include but is not limited to:

- Follow-up investigations.
- In-home services.
- Case management.
- Post-permanency services.
- Other services that are not funded through existing funding streams, in which case Title IV-E would have to be the payer of last resort.
- Services currently allowed under the IV-E program, including foster care.

Our final recommendation for finance reform focused on reduced funding for less desirable outcomes. Casey Family Programs is recommending that the federal contribution diminish over time for less desirable outcomes.

The potential of Title IV-E waivers to spur system reform has been demonstrated in a few strikingly successful examples. In 1994, Congress authorized the Secretary of Health and Human Services to approve waivers to Title IV-E rules for the purpose of funding demonstration projects in state or county child welfare systems. Title IV-E waivers are key elements of child welfare reforms in Florida and in Alameda and Los Angeles counties in California.

These jurisdictions have developed innovative reform strategies. Title IV-E waivers have given them the flexibility to fundamentally alter the character of their service delivery systems and build on reform efforts previously underway to achieve a better balance between up-front family support services and foster care services. Foster care remains an important part of these agencies' service



programs, but it no longer is considered to be the only solution available to children and families.

Casey Family Programs is optimistic about what lies ahead for our nation's most vulnerable children and families. We have a tremendous opportunity to greatly enhance states' ability to continue their amazing progress by partnering with them to invest in increased services and an expanded service population. We are encouraged by your attention and support of this issue because it will take all of us doing our part in concert with one another to bring about the change we envision and know is necessary.

Thank you again for the opportunity to share these remarks with you, and, above all, thank you for your commitment to the well-being of children and families.

United States Senate Committee on Finance  
Public Hearing  
“Innovations in Child Welfare Waivers: Starting on the Pathway to Reform”  
March 10, 2011

Responses to Questions for the Record From William Bell

**Senator Max Baucus:**

Impact of the Waiver Authority

Many child welfare agencies believe that the number of children in the foster care system has declined by over 80,000 children over ten years (almost 40,000 over the last 2 years alone) partially because of states’ use of demonstration waivers. Child welfare waivers have been used to serve as an alternative way for states to provide early intervention and crisis intervention services that reduce out-of-home placements and improve outcomes for the children in this system. The most common and frequently tested strategies are those that provide kinship/guardianship care and those that give states greater flexibility in spending federal funds on foster care services.

A 2010 study from your organization suggests that assistance from the federal waiver authority may have had a significant impact in decreasing the number of children in care and a positive effect on outcomes for children in care.

- 1. What aspects of this program have proven to be particularly effective so far and in what ways do you suggest the program be altered to provide better care for families and youth?**

*What aspects of this program have proven to be particularly effective so far?*

The most effective feature of the program has been granting states the flexibility to provide a wider array of services within the federal resources provided which has reduced the number of children being placed in foster care and also increased the number of children exiting from care. Two notable examples: subsidized guardianship and flexible funding waivers. The subsidized guardianship waiver programs helped demonstrate that investing federal resources to support and encourage the use of relative caregivers helped improve child outcomes in a cost neutral manner and in some instances saved both the state and federal government money. Congress also used the lessons learned from these subsidized guardianship demonstrations to reform federal child welfare policies through the Fostering Connections to Success and Increasing Adoptions Act of 2008 (PL 110-351) so that all states could have access to federal funding to support this innovative practice. More recently, the flexible funding waivers granted to two counties in California and statewide in Florida have demonstrated that allowing states to utilize Title IV-E funding in a wide array of front-end and post-permanency services in addition to efforts to improve the quality of foster care has translated into better outcomes for

vulnerable children and families. Foster care remains an important part of these agencies' service programs, but it no longer dwarfs all other services available to children and families.

***What ways could the program be altered to provide better care for families and youth?***

States who receive waivers are required to complete an evaluation that includes comparisons of the service array and the service population in an effort to understand how the policies supported through the waivers have impacted outcomes. The U.S. Department of Health and Human Services (HHS) initially required a traditional experimental design. It is our understanding that many states felt this evaluation design was overly burdensome to administer. In addition, this traditional design allowed for services to children in the test group while depriving other children in a control group the same services and states find that very challenging. HHS accepted the evaluation design included in the Florida and California waivers which addressed the need for a comparison group through a time series method. It is our understanding that the evaluation design models used in the Florida and California waivers are preferable to states. We believe it is important to encourage and require reporting and data collection given that a goal of waiver programs is to evaluate policies to identify best practice. However, we believe the evaluation requirement can be administered to achieve this goal while still providing robust information to inform future child welfare policy.

**2. Montana is a state with a tribal IV-E contract. How can waivers lead to improvements for tribal children?**

The Fostering Connections to Success and Increasing Adoptions Act of 2008 provided direct access to Title IV-E for interested tribes, while maintaining the opportunity for tribes also to enter into agreements directly with states. Allowing tribes who directly access Title IV-E to apply for waivers or allowing tribes with State agreements to benefit from a waiver would also provide tribes with flexibility to target programs and supports more consistent with improved outcomes among tribal children. Oregon's waiver experience illustrates how the waiver can be used to improve outcomes for tribal children.

The State of Oregon is currently operating under a flexible Title IV-E waiver and has funded approximately 100 local pilot projects intended to improve child outcomes. Funds provided under the waiver have supported many projects including culturally focused services for tribal children. Oregon's 2010 Title IV-E waiver renewal request narrowed the number of pilot efforts and expanded access to and evaluation of parent mentoring, enhanced visitation and tribal programs as well as subsidized guardianship for non-relatives. Since 2005, the Title IV-E waiver has been a valuable tool supporting Oregon's strategic effort to safely and equitably reduce the state's foster care population. The number of children in foster care, including American Indian children, in Oregon has declined from 11,000 in 2005 to 8,600 in 2009, a 22 percent reduction. As a percentage of total placements, the percentage of American Indian children in care has seen the largest reduction.

**3. How do you feel that the issue of cost-neutrality has impacted the implementation of state projects that you have studied?**

Because the waivers were cost-neutral, states with waivers have continued to receive a predetermined amount of money that is no longer tied to the number of children they place in foster care. This means that the Title IV-E waiver agreements had worked to stabilize child welfare funding in the state projects over a period of years. Therefore, as policies implemented through the waiver programs reduce the number of children in care, they are able to reinvest dollars, which they would have otherwise lost under the previous structure, in additional support services. These resources help keep children safely out of care.

**4. How have other states made the adjustment to a new model of service delivery without new funds?**

While Title IV-E is the primary dedicated source of funding for foster care, surveys of State spending in this area have illustrated varying ways that states have used existing and new resources to provide services. With existing resources, States have supplemented their Title IV-E funding with funding from the Temporary Assistance for Needy Families (TANF) Program, the Social Services Block Grant (SSBG), Medicaid as well as other programs that cover the broader array of services necessary to address risk factors such as mental health, substance abuse, and domestic violence. In addition, as resources permit, States have used their own funds to support these innovative policies and programs creating a service delivery model focused on better outcomes for children and families.

States and counties with flexible IV-E funding waivers have demonstrated how flexible funding Title IV-E waivers can allow for substantial reinvestment of Title IV-E savings in child welfare improvements. These waivers have been associated with large reductions in foster care populations in Florida, Ohio, Oregon and two counties in California: Alameda and Los Angeles. These states and counties have been able to reinvest millions of dollars in Title IV-E savings resulting from reductions in foster care costs in an expanded array of child welfare services and agency improvements.

**5. Has the cost-neutrality provision had a more significant impact on one type of waiver project, such as kinship/guardianship care, for example, than on others?**

States and counties with Title IV-E waivers have had varying levels of success in using waivers to improve their child welfare systems. Cost-neutrality has not necessarily had a greater impact on one type of waiver project over another. The individual negotiated cost-neutrality agreements, however, have driven the strategies implemented, i.e. prioritizing efforts to reduce the number of children already in care or prioritizing reducing entries into care.

**Senator Ron Wyden:**Incentives for Innovation

My priority is to encourage innovation with respect to preventing child abuse and neglect. As I look at how child welfare is funded, it appears that about half of the total funds provided by the federal government are already pretty flexible.

- 1. Don't you agree that although providing waivers may be helpful, they can be best leveraged if they are linked to new incentives for states to try fresh approaches to improving the well-being of children and by preventing abuse and neglect to begin with?**

Allowing states to invest in services and fresh approaches to improving the well-being of children and preventing abuse and neglect from occurring is fundamental to these broader reform efforts. We are committed to working towards this goal and ensuring states and tribes have the resources necessary to safely reduce the number of children in foster care and to prevent children from languishing in foster care. We look forward to working with policymakers towards that goal. However, until we reach that goal, we do believe waivers provide an opportunity to rigorously evaluate new reform strategies and approaches to comprehensive finance reform that could help inform this question.

- 2. What types of interventions are states unable to do now because they don't have a waiver?**

Child welfare jurisdictions are pursuing goals already aligned with federal child welfare policy – to safely keep children in their own homes, and to quickly find permanent homes for children in foster care who cannot be safely reunified with their birth parents. The challenge for child welfare agencies is that the current federal child welfare funding structure does not adequately support these efforts to improve outcomes for children and their families.

States and counties are willing to deploy a wide-range of innovate and effective interventions and are currently supporting these interventions with state and local dollars. The federal Title IV-E investment is limited to supporting one type of intervention – foster care. We believe the waivers are a tool to provide another source of funding to support those evidence-based interventions most important to improved outcomes to children, but often most at-risk for cuts in difficult budget cuts given no little guarantee from year to year of the funding level.

The fact that no Title IV-E funding can be used for prevention or post-reunification services has created a significant challenge to achieving better safety and permanency outcomes for children. Title IV-E waivers could allow for a broader array of services that address the root causes of child abuse and neglect, as well as services that strengthen families and expedite permanency. For example, waiver states have provided front-end interventions that have successfully prevented the need for foster care. These

interventions include family group decision-making, intensive in-home services, and post-permanency supports. These services could be available to a broader population of vulnerable families, including families whose children are at risk for child abuse or neglect or for foster care placement, or who were previously placed in foster care.

#### Cost Neutrality

Child welfare waivers are currently required to be cost neutral to the federal government.

#### **3. Do you believe that cost neutrality requirements limit the willingness of states to try innovative approaches to meet the needs of children in care?**

Cost neutrality does not have to limit innovative approaches to better outcomes for children in care. The cost-neutrality components contained in the Florida and California waivers have adequately supported innovative approaches to meet the needs of children in care.

#### Costs linked to Eligibility Requirements

I've seen studies that suggest that the costs related to the current eligibility requirements that are linked to a 1996 standard are costing the states as much as \$100 million a year in administrative costs.

#### **4. Do you think there is money to be saved by de-linking child welfare eligibility from this outdated standard?**

Casey Family Programs believes that the administrative burden of determining eligibility based on the parent's income not only creates unnecessary and costly burdens to the state, but is also inequitable. Allowing flexibility within current resources to focus on investing in services and supports rather than eligibility systems shifts the focus of federal investment towards supporting improved outcomes rather than a process not related to the needs of the child or family being served by the State. We believe dialogue towards comprehensive finance reform will provide an opportunity to address how best to achieve this goal.

**STATEMENT OF HON. ORRIN G. HATCH, RANKING MEMBER  
U.S. SENATE COMMITTEE ON FINANCE HEARING OF MARCH 10, 2011  
INNOVATIONS IN CHILD WELFARE WAIVERS:  
STARTING ON THE PATHWAY TO REFORM**

WASHINGTON – U.S. Senator Orrin Hatch (R-Utah), Ranking Member of the Senate Finance Committee, today delivered the following opening statement at a committee hearing examining child welfare waivers:

The Senate Finance Committee has a long history of collaborative work on child welfare issues, and I am pleased that the tradition continues.

The purpose of this hearing is for Members of the Committee to determine if extending the option for states to apply for child welfare waivers could improve outcomes for children and youth in — or at risk — of going into foster care.

If history is any guide, giving states greater flexibility and greater options will likely result in better outcomes. I firmly believe that policy experimentation at the state level — in our 50 laboratories of democracy — leads to positive outcomes for citizens and the states in which they live. Our Founders understood this when they created a federal government of limited powers and maintained the fundamental sovereignty of the states.

Mr. Chairman, if the Committee determines that it is in the best interest of children and families to do so, I will work with you to craft legislation to give states that flexibility.

It is said that a society is measured by how it treats its weakness members, including, of course, its children. By this standard, there is much we can do to improve.

Our nation's child welfare system is in desperate need of reform.

The current foster care financing structure is unsustainable.

Federal priorities are misplaced.

The majority of federal funds for child welfare are directed at the least desirable outcome: removing a child or children from the home and placing that child in foster care, often disrupting families and separating children from their siblings.

A very small percentage of federal funds are spent on evidenced based family preservation activities which have demonstrated success in helping families stay together.

Once in foster care, children and youth are routinely isolated and restricted from participating in normal age appropriate activities.

Children and youth in foster care are often prevented from playing sports, attending school events, field trips or summer camp.

Older youth in foster care can be inappropriately medicated and segregated in substandard congregate care facilities.

The current system does not adequately serve youth transitioning out of foster care.

Every year nearly 30,000 young people exit foster care without a permanent family or a meaningful connection with a caring adult.

It is not uncommon for these young people – 18 years old – to have their few belongings placed in a garbage bag and subsequently driven to a homeless shelter.

These youth, not surprisingly, have much higher rates of unemployment, homelessness, incarceration and drug and alcohol abuse.

A number of states have indicated that with some flexibility in the financing structure of child welfare, they could develop and implement innovative strategies that can reduce the number of children and youth entering foster care, while also improving the circumstances for children in the child welfare system, including those in foster care.

Today we will hear from witnesses who will speak to the need to reform the child welfare system, from a state that has shown what can be done with flexibility, and how an expansion of waivers could result in improved outcomes for children and youth in care as well as a greater capacity for states to keep struggling families together.

If the Committee elects to expand state waiver authority and if innovative state practices produce the desired results, I believe we will be on our way to developing a blueprint which could lead to comprehensive child welfare reform.

Thank you to our expert panel of witnesses for being here today and I look forward to hearing your testimony.

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**Statement of Isha “Charlie” McNeely  
Former Foster Youth from Oregon  
United States Senate Committee on Finance**

**Hearing on Innovations in Child Welfare Waivers:  
Starting on the Pathway to Reform**

**Thursday, March 10, 2011**

Chairman Baucus, Ranking Member Hatch, and Members of the Senate Committee on Finance, I thank you for inviting me to come here today to share my story.

My name is Charlie McNeely, and I am a 24-year-old alumni of the Oregon foster care system. I'm here to talk to you today about a simple word that carries big meaning for myself and so many youth in foster care: connections. This word holds so much value because it relays the importance of relationships and how important connections are to a foster youth. Connections help to define us outside of foster care, to not think of ourselves as being only “a foster child.”

I'd like to tell you how my connections — or rather, disconnections — played a recurring theme in my foster care story.

**Connection to parents**

I was placed into foster care at three years old along with my four other siblings because both of my parents were drug abusers. At that young of age, I really did not know what was going on. Looking back, I wonder if the state could have made the process a lot less traumatic and prevented my siblings and I from staying in care all of our youth years and from being separated.

I think it would have been helpful for the state to provide services that would have helped my parents overcome their addictions. When I was placed into foster care, the amount of contact I had with them was really limited. Not being able to see my parents felt like an emotional punishment, and I don't think it really helped the problem.

I truly believe my parents never wanted to be on drugs, but they fell victim to their environment. They are both clean from substances, and have been for a few years now. I just wish they would have had help available to them before or during the time we were taken from them.

Today, my relationship with my parents is moving in a positive direction. I see my mother regularly, and we are getting to know each other and deciding what type of relationship we want, what works within both of our comfort zones. But it's really hard to re-establish a lost relationship with a parent, and I think foster care could have better helped me and my siblings maintain a connection to our parents, and maybe have prevented us from becoming disconnected in the first place.

**Connection to relatives**

Since being placed in foster care, I have met uncles, aunts and cousins that felt they only had one option or none — to take on parenting of my siblings, and me or to stay away. I wish that my foster parents and other state workers were more active and willing to make an effort to keep me and my siblings connected with family, with supports that would keep us safe so we could get together and stay familiarized with each other.

I think it is important for the state to also take the time to contact extended relatives to see if they can act as a resource for their young family members in care. In the case of my siblings, and me my grandmother and aunt were not in a position to care for all five of us, but they could have been a resource in helping my siblings and I stay connected. They were left out of the loop, and I've learned they were not informed about their options or if they had any. I think the state should keep in mind that removing children from their homes is removing them from a whole family network, and that a young person's identity and what they know (their history) goes with that. I hope the state will look at things from this perspective, and come to understand that there are more pieces to the puzzle than just the children and their parents.

I've discovered that most foster youth, like myself, end up re-establishing relationships with biological relatives, often reconnecting with their biological parents. I've learned this isn't only true for me, but through a summer internship with FosterClub and other advocacy work I have done, I was able to see this as a common theme among foster youth, especially those who transition out of care. Most of us go back and try to find our families regardless of whether or not it is safe for us to try and reconnect.

Since it's clear that young people are likely to reconnect with birth family members — whether they've aged out of the system, lived with kin, or even been adopted — the system should provide services that help foster youth stay connected with their biological family and build healthy relationships while they have the support and safety net of foster care.

**Connection to the outside world**

Some of my most difficult and disconnected periods in foster care were my stays in a group home and congregate care facilities. Being in these facilities and that environment was very damaging because I felt like I was being punished, locked away — and the consequence was not being able to see my siblings.

Many times I was confused about why I was put into these facilities, which ranged from group homes to homeless shelters to lockdown facilities, because I did nothing to deserve to be placed in these environments. The state had limited places for a teenage female in foster care to go, so they have to place foster youth in a group home or a congregate care facility. Since these places are usually meant for at-risk foster youth that may need more constant and direct supervision, they are set up to give you very limited freedom. I experienced restrictions on telephoning my siblings or friends and getting on the Internet. It often felt like I had lost all contact with the outside world. I remember having to earn phone privileges and minutes to be able to talk to my siblings on the phone. One difficult challenge of group homes is that sometimes you can no longer attend regular school, and the only academic learning environment available was whatever the facility had set-up to teach the residence. For me, this meant being cut off from friends,

peers and other meaningful relationships. My grades suffered during my freshman and sophomore years of high school because of the less-than-adequate education I received when I was pulled out of public school. In addition, being pulled from public school meant I had no outside contact unless it was with a caseworker or state-approved in advance.

#### **Connection to “normal” activities**

It is very important that foster youth are supported and given opportunities to do school and outside activities. From my personal experiences and working as an intern for Foster Club, I was surprised to know of so many youth that missed out on school functions, activities and just being a youth. I think that alone will definitely improve a youth’s stay while in care because they will still be able to be a kid and carefree in a sense. It will help them to not feel isolated and to build friendships and become more confident in themselves and their situation.

Whether limitations on a foster youth’s participation in extra-curricular activities is due to transportation, cost, or a young person’s lack of awareness about how they can be involved in their school and communities, the foster care system must do a better job to normalize childhood for young people like me.

These types of activities provide opportunities to connect with supportive adults and peers, providing us with an opportunity to connect with supportive adults in our community, build healthy relationships, and to ultimately find permanence. With these connections, when a youth exit or starts the transition of leaving foster care, the bridges already exist and young people will feel secure in their relationships and empowered to becoming a successful young adult.

#### **Connection to siblings**

One of the most difficult disconnections in foster care was in the relationships with my siblings. While I was in group home, I did not have a foster parent or family members available to help me advocate to see my brothers and sisters. Perhaps, if stronger connections to my family had been maintained, we could have stayed over at their homes on weekends or for outings so we could visit in an informal and unforced way. I wish my caseworkers that worked on my behalf had the time to do this type of important work – to help me to stay connected to siblings.

As the second oldest child in my family, I was one of the first to experience the setbacks and hardships of transitioning out of care. When I transitioned out, I lost all of my health care benefits and had no idea of what permanency was or how to find it. I was determined to not be a statistic so I worked hard, stayed in school and kept a job to ensure that I would become a successful and contributing adult. I was also determined to help my younger brothers avoid the hardships I endured. Now, as a young adult, I find myself caring for my younger brother who is 17. I was also guardian of two other siblings at one point, my younger brother who is now 21 and just exited the foster care system this summer and my sister who is twenty and is now happily married with her first child.

For the most part, I feel like I am all the support my siblings have. I naturally want to be there for them,

but it is not easy. Even though I have traveled down a similar road, I do not have all the answers and sometimes I just feel like I am not able to help them.

I would like to see more services in place, so when a sibling or relative becomes a caregiver, there is support to make the youth's transition from foster care a lot smoother than my own. So far, I have been just falling into the pitfalls—and then working to find my way back out. Because my family was broken, I don't have a strong reference about how good parenting looks. Since my brother is still transitioning out of care, he can go to the state for certain things—but I feel our family needs counseling services to help us overcome all that we've endured, and to patch our disconnection. It would be helpful because it would allow us to come up with solutions and goals as a group, allowing us all to know exactly what is needed to ensure we become successful and that our relationship stays healthy and positive. While I feel I have some permanence by becoming a caregiver for my siblings, I fear that I lack the support that I need to help them with the struggles they face as at-risk youth, including incarceration, crisis situations, behavior and mental issues, could once again disconnect us.

Today, I work for the Immigrant and Refugee Center of Organization at Lent Elementary School. I am a member of the Oregon Foster Youth Connection, a foster youth advisory group. I will be graduating from Portland State University next year, earning dual degrees in public and community health. I plan to continue on and receive a master's degree in social work.

While I am proud of my success, I am still working on re-establishing, or creating, the connections that were broken or lost while I was in foster care. Part of this process has led me to try to be a voice for those who are having similar experiences and feel like they are not being heard. I feel like my story as a foster youth, and now as a passionate advocate for my siblings and others, will empower young people to go out and be heard, to change policies and implement ones that will contribute to their success.

I recognize and thank you for recent Federal legislation like the Fostering Connections to Success and Increased Adoptions Act, which will improve things for many of my peers coming through the system behind me. I ask, as you continue to consider how to improve the foster care system, you think about connections and how important they are for foster youth: connections to biological parents and relatives, to siblings, to the outside world and to the normalcy we strive for.

Thank you, Chairman Baucus, Senator Hatch, and Committee members, for inviting me to testify and hearing my story and perspective about how to improve foster care for young people like me.

United States Senate Committee on Finance  
Public Hearing  
“Innovations in Child Welfare Waivers: Starting on the Pathway to Reform”  
March 10, 2011

Responses to Questions for the Record From Charlie McNeely

**Senator Max Baucus:**

**1. How could have the foster care system have provided better outreach to family members who may have been willing to provide care to you and your siblings?**

I think the foster care system could have made sure my siblings and I stayed in contact with my biological family and maybe even educated them about the foster care system and what being in the system is about. Not a lot of people know about foster care or they know very little and I think that most people shy away from it (especially those who have family members in foster care) because they are not aware or informed about the state’s intentions when youth are put into care.

Making information and training available to biological family might allow relatives to feel more involved in the process and understand how they can play a positive role in supporting a youth.

Making sure we had regular visits with my aunts, uncles and cousins would have been a great way for us to stay connected with them. When I first started to reconnect with my biological family, I felt like an outsider, simply because I was unfamiliar with them and so much time had passed. We had to get to know and learn each other again. I wish the state would have examined more of my birth family; there were people that were healthy for us to be around, and they could have allowed us to visit those family members on weekends, holidays, birthdays and have regular contact with them over the phone.

It seems that too often the state’s approach to biological members of the family is an either ‘all-or-nothing’ type of deal. When a child is removed from the family and is not going to be reunified, then it seems the state discontinues efforts to keep the child connected with relatives. I believe the state should still look to the birth family as a resource to help the youth(s) cope with the changes and trauma they are experiencing, even when they are not able to provide a permanent home for the child.

**2. If family members were not able to provide care for you, how would you have benefitted from contact with those family members?**

Overall I think communication could have been improved. I am sure my family would have loved and been interested to know about our progress, issues we were having, how our schooling was going and just our day-to-day lives. I think my family felt out of the loop, as if we were taken not only from our parents, but from them as well. The system must realize when they take children away from their home they are not only taking them from their parents but from a whole family unit. Retaining these connections for youth could lead to healthy relationships with relatives, and perhaps even provide the youth with a permanency option down the road.

I think my siblings could have benefited greatly by staying better connected to our extended family. It would have been a lot easier to be in foster care if we had still felt some sense of belonging to our relatives. Staying connected with our biological family would have created an opportunity for us to feel some sense of stability even during our many different placements while in care. Now, we are still trying to figure out where we fit in, as if we are just jumping into a random family trying to fit in. Maintaining stronger connections could have also provided some permanency for us when we all aged/transitioned out of care.

For example, I recently learned that my uncle moved to Texas and has a great career, home and quality life. I am now the caregiver to two of my siblings, and my uncle has offered his support to help with caring for them. If we had stayed connected to my uncle, or if he had been provided updates about our situation (or was kept in "the-know"), he might have been an option of permanency for my brothers. My uncle was surely more equipped to help my brothers' transition than I was.

I also believe my biological family would have advocated and played an active role in keeping my siblings and I connected. Once we were separated in foster care, the arranged visits became less and less. There were times we went months without having any contact.

**3. How has your experience been in college and what would have helped your transition out of care into the college environment?**

I was 18 when I aged out of foster care. I am now 24 and I know that there are a lot more services and resources available for those transitioning out of care now than during the time I transitioned out. However, many issues I faced are still present problems for youth aging out of foster care. While I did take advantage of the Independent Living Program classes and funds as well as the scholarships that were available to foster youth. I had a hard time getting an apartment and buying a car without a cosigner. Since I didn't have credit, many dealerships and apartments refused me and it was very difficult to move forward with my transition process. Eventually my aunt decided to help me and co-sign for me to get a car and I found an apartment complex (in a very poor quality neighborhood) that accepted me, but I had to pay and put down a very large down deposit.

Since the state was technically was my guardian, I think that they should have operated as my co-signer or helped me to make alternative arrangements to get into an apartment and purchase a car. They chose to take on the role as my care-provider, but when I turned 18 I found myself "left" by my "parents" -- the state -- to fend for myself. I didn't leave foster care, foster care left me.

I do feel like that has been improving and trying to make efforts to ensure youth that are transitioning out of care will be successful and self-sufficient but that is one area that a lot of former foster youth still struggle in.

I also feel like having to pay for covering college tuition has been, and still is, very difficult. While many people, not just foster youth, struggle with paying for college tuition, but the difference is that most of these other youth have the option of taking out a loan and having their parents and/or other family members co-sign for them. I was not able to do this. Although I have managed to pay for school, I had to take outside loans with high interest rates (because again, no co-signer available) and some of those loans you have to begin repaying while still in college.

My suggestion is that Tuition should be waived at certain state and community schools for former foster youth or should be lowered. Perhaps the government could guarantee loans to help foster youth cover college and transition costs.

**4. What services would help you now as a caregiver for your younger brother and what services would benefit your siblings during their transition out of care?**

I would like to have services that support mental health of both me and my siblings. Whether that is free counseling sessions, classes or financial resources to seek these services, I believe mental health services for transitioning and recently transitioned youth is important. A new layer of trauma and crisis can occur when a youth ages out of the system, and I am too aware that mental health issues can become exacerbated at this critical time in a young person's life.

It would also be helpful to learn and gain information on what to do if crisis situations arise and how to effectively set goals and expectations to help me and my siblings succeed.

STATEMENT OF JOSCELYNN MURDOCK  
Former Foster Youth from California

*Hearing on Innovations in Child Welfare Waivers: Starting on the Pathway to Reform*  
United States Senate Committee on Finance

Thursday, March 10, 2011

Chairman Baucus, Ranking Member Hatch, and Members of the Committee, thank you for inviting me to testify today. I thank the Members of the Committee for their commitment to creating a better life and a brighter future for children who are living in foster care today.

My name is Joscelynn Murdock and I am 26 years old. As an eight-year-old little girl, I entered The California foster care system, where I would be a dependent of the state until I aged out of the system at age 18.

I know that “everything that doesn’t kill you only makes you stronger,” and I am definitely a stronger person for what I have been through. But I often find myself playing the “what if” game. I look back at my foster care story – and wonder if the system had made slightly different choices – could things have been different for me?

As I ponder this question, I always look back to where it all began. I remember us being a happy family — not a perfect one and probably not as healthy as most would approve —but a happy one, nonetheless. It was my two sisters, my mom and I. When I was little, all that I cared about is being together — and we were. But things were tough on my mom; she was a single mother of three, dirt poor, and was mentally ill.

I remember moving from place to place and always being left with different people while she would go off and work. We constantly were bouncing around, and she had trouble holding a job and keeping us in a stable living situation. I am sure it was not easy to find a sitter for three little girls, especially when you have no support and little money. Not long, the reality of what our lives were becoming hit my mom: we were being evicted from our apartment, the grandparents who raised her had just passed away and she knew she could no longer care for us the way she needed.

So she did the hardest thing a mother must, and made arrangements for us girls to live with each of our fathers. But there was one minor problem; she had no clue where *my* father was and was forced to keep me. Life from that point on without my sisters only got worse. I was lonely because now when she left, I was all by myself. Now when random people would help out, there was no one there to protect me. My mother took giving my sisters away hard and went further into her own world — which left me even more alone.

The times she would be gone lasted longer and I was forced to grow up faster. Soon it was brought to the attention of CPS that I was being left alone, and I was taken from her at the age of eight for child neglect. She knew she was in the wrong and told them to adopt me out so I could have a better life. But when adoption was explained to me, I was told I would get a “NEW family.” I refused to go because, well, I already *had* a family — a broken one, but it was *mine* and I wanted to hold on to what I knew.

I always wonder, what if someone had explained adoption to me as not getting a *new* family, but having a *bigger* family? What then...?

The next “what if” had to do with relatives that were never told about my situation. After many years spent in foster care, I learned of an Aunt and Uncle. I met them. They are a good, solid family, and no one ever told them about the predicament my sisters and I were in. I wonder what would have happened if the system had looked a little harder for a relative? My relatives had three children of their own, and may have needed financial assistance to bring my sisters and I into their home, but I believe they would have tried. I know they loved us. While I feel blessed today to have a strong and healthy relationship with them, I just wish it wouldn’t have come after my childhood had passed.

Lastly, I wonder why I had to spend 10 years in the foster care system. Ten years of birthdays being a “foster kid.” Ten years not having a family to call my own. Ten years believing that I was unwanted. Ten years too long.

I believe that if there is any way we can move young people into permanency, into lifelong connections, we should. If we want to see success stories, then we must make a path for them to travel that makes being a successful more of an option. I spent all ten years with one family, yet no one ever approached us about adoption after the first time I said “no.” To some children, particularly those with strong bonds to siblings or birth parents, HOW adoption is presented to us makes a big difference. As a child and teen, I thought being adopted would mean leaving the other family members I loved behind.

\* \* \*

Today, I do not want to just focus on the negatives but want to highlight some of the things that really helped me while growing up in foster care. Through a supportive foster parent, I was encouraged to join recreational and school activities from soccer to cheerleading, and eventually, 4 years of choir in high school. I also was lucky enough to attend church camp every summer where I made lifelong connections and came home with mentors that walked along side me throughout the years. All of these activities kept me busy and out of trouble.

One thing that made the biggest difference was the many accommodations over the years to keep me in connection with my older sister, Cynthia. Summer visits were arranged and frequent calls and letters were made. When I aged out of the foster care system and was looking homeless straight in the eye, my connection to my sister saved me from couch surfing and inevitably living in the streets. As I graduated from California’s Independent Living Program (ILP), the program gave me silverware, a microwave, a duffel bag and a few other household necessities. This farewell and good luck package was supposed to ensure that foster youth “made it” once out of the program. I remember everyone being so excited for me because I was one of the “prepared” ones out of my group. I was the one everyone expected to succeed. I was supposed to have it all together, but the truth of the matter is that I was terrified, but I felt like I could not let anyone know. I was turning 18 and it was my time to go. If I did not have it all together, then it was my fault. I remember getting onto the plane to Hawaii and crying the whole way there. I spent a little over a year in Hawaii trying to figure out what being on my own really meant. Despite all my grand plans and dreams, I did not attend college and only worked part time. Had it not been for my sister’s provision of free room and board, I would have been homeless.

In addition, I was blessed with a foster mother who was greatly supportive. She taught me everything I know today and has been a blessing in my life. Without her I am not sure where I would be. The state placed me in the perfect home, with the perfect family — I just wish they had helped us to seal the deal. My foster mother, Sue Crowley, is a hero — not just to me, but also to many youth who have passed through her home and have been touched by her willingness to listen, wise words, and loving ways. Now, is she perfect or is our relationship as mother and daughter perfect...? Far from it! But it has changed my life for the better and she has provide for me what my biological mother struggled to do, but could not. She has given me a chance to break a cycle of unhealthy choices and make a clear path of my own.



\* \* \*

While I still wonder if my story could have been different, I know that our experiences shape us. So I am grateful for all that I have been through and thankful for the people that have been placed in my life that have guided me, supported me and pushed me to be who I am today. I have been able to move forward from my past. Time has helped to heal the wounds and a little faith and a positive attitude has helped me move forward in life. Also, after interning with FosterClub and discovering that adoption could mean ADDING ON to your family — not replacing them — I had some life-changing conversations with Sue, the wonderful foster parent I mentioned. At age 25, my adoption became legalized.

And about a year and half ago, I married a wonderful man, Kevin Murdock. Our wedding was a perfect example of what family has come to mean to me. We decided *not* to have a bride's side or groom's side — and I did not walk down the middle. Instead, we married in a circle, bringing all of our families together. On my wedding day, I was in a circle of trust, which included my biological family, my adopted family, my friends that served as family, and lastly, the new family I was joining through marrying Kevin. To me, it represented the perfect picture of what I think young people deserve — being surrounded by a circle of people who love and support them.

I am currently finishing my bachelor's degree at University of California at Santa Barbara, and I am working hard at developing partnerships in my community that will connect young people from foster care with supportive adults that can change their lives.

I urge the Committee to consider how reforming the child welfare financing structure to provide flexibility, so that states and communities can provide prevention services, supports for relative care, or any other specific supports a little girl who enters foster care tomorrow might need.

Thank you for your time.

Respectfully,  
Joscelynn "JoJo" Carbonelle Crowely Murdock

**United States Senate Committee on Finance**  
**Public Hearing**  
**“Innovations in Child Welfare Waivers: Starting on the Pathway to Reform”**  
**March 10, 2011**

**Responses to Questions for the Record From Joscelynn Murdock**

**Senator Max Baucus:**

**Policymaker Misconceptions**

The waivers were conceived as a strategy for a strategy for generating new knowledge about innovative and effective child welfare practices. They were intended to help states prevent new children from entering foster care and to develop new methods of effectively serving children already in the system. During the course of the demonstration projects, many administrators discovered that some widely accepted child welfare practices were less effective than other practices.

You serve on a Commission to represent youth in a pilot program called the Quality Parenting Initiative. You are now in the position to advocate for young people in foster care.

**1. What do we, policymakers, get wrong? Are there any myths or misconceptions about the experience of youth in foster care that we, as legislators, need to correct?**

I think it is not a matter of what policy makers get wrong, but perhaps about misconceptions and myths that exist about foster youth and the foster care system.

One misconception is that a child is – or should be – grateful just to have a home. I believe our youth deserve quality care if we are expecting quality adults. If we raise the standard of how we care for foster youth, we will raise youth who have higher standards for themselves. Too many children and youth in foster care find themselves in foster homes and facilities where that are substandard and only compound their trauma. Many times these young people don’t know how to speak up, or fear the consequences of doing so.

Another myth is that young people don’t want to be adopted after the “cute ages.” Sometimes people give up on finding permanence for our teens. Some teens say no to adoption, but that is often because of their own fears and misconceptions: they figure well they have been in for too long or that they are not adoptable. Adoption may not be the answer for every youth, but for those who want a forever family, we should not give up on them. We must provide training and support for young people to help them understand permanence and to help them play a central role in securing it for themselves.

Another misconception is that once youth leave the system and try to make it on their own, they don’t need or want any more help. While I believe it is normal for any eighteen year old to want to go out and try out their new found freedom, I don’t recall any of my friends’ parents not

taking them back if they hid a roadblock. Young people need a safety net to help them through troubles such as not being able to make rent or failed budgeting. Learning to be on your own is all about trial and error, and foster youth should be allowed to make mistakes without it resulting in homelessness. Foster care supports should not fall away completely at a set age. We should design systems for older youth that allow for normal development, which includes opportunities for young people to try, fail, then try again and succeed.

#### The Positive Impact of Extracurricular Activities

Youth transitioning out of foster care are less likely to have access to special programs, advanced placement courses, and extracurricular activities. Foster children are wards of the state and therefore require strict guidelines for activities to protect the kids, and the state, from maltreatment. However, a child's participation in afterschool activities and community organizations are also linked to stability and positive development

I am glad to hear that a foster parent encouraged you to be involved in soccer, choir and church camp.

#### **2. How did extracurricular activities and involvement in your church and community impact your life?**

I would not be the person I am today if it were not for people in my church and community who helped guide me and kept me on the right path. I understand the urgency to protect foster youth, but if we do not allow foster youth exposure to the world and people outside the system, how can we expect them to know how to build supportive relationships once they leave foster care?

Being a part of a group gives foster youth the feeling of stability and normalizes a piece of their life. Building relationships is a skill best learned from being around and interacting with people. Participation in activities provides young people with an opportunity for positive peer interaction and connection to supportive adults. I know that I would have gotten into a lot more trouble if I would have not had people who told me when I was making bad choices or hold me accountable to my actions. The people I choose to surround myself with were a key part of my development. I learned social norms and got a chance to see what normal families were like and what I could look forward to building in my own life some day. The people in my church invested their time and energy into me and helped me to realize and understand that I could not change my past but I could change my future and it did not have to be the same as my parents. I believed them because they believed in me.

#### Barriers to Adoption

There are approximately 423,773 children in foster care in the United States, and many are waiting to be adopted. Child welfare agencies and courts around the country have made efforts to find families to adopt these children, but significant barriers have continued to impede the process. Policymakers must understand these barriers and support innovative solutions to expediting the process.

I am glad to hear that you were recently adopted. You mentioned that it had a positive impact on your life and gave you a chance to add on to your existing family.

**3. If ten years as a foster child was too long, is there a particular reason that adoption was not explored sooner?**

After child welfare attempted (unsuccessfully) to place me for adoption at age 8, they didn't try again because I had rejected the idea of adoption. I can only speculate as to why adoption wasn't explored again, as it was never explained to me. They may have figured I was too old or that I would say no again if they asked me a second time. What wasn't considered, I believe is this:

A. They didn't investigate the "why" of my objection. I wasn't attached to the family they were trying to adopt me out to. At age 8, I had attachment to other people, and didn't think the family they had selected was right for me.

B. A child can change their mind over the years. At the time adoption was proposed to me, and that I said no, I had just been taken from my mother and was still reeling from the trauma. I couldn't absorb the idea of replacing my family.

I know I would have responded differently later, had I someone given me the opportunity and explained it to me in a different light. Today, my adoptive family and I have that much more of a bond knowing that we are legally a family. There is no longer a single doubt in my mind that my family is mine and I am truly loved and cherished. It's amazing that just changing the way we look at something or explain it could change so many children's lives.

## COMMUNICATIONS

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### Senate Finance Committee

#### **Innovations in Child Welfare Waivers: Starting on the Pathway to Reform**

**Melissa S. Rock, Child Welfare Director, Advocates for Children and Youth**

**March 21, 2011**

Thank you for the opportunity to provide written testimony on Title IV-E child welfare waivers. Advocates for Children and Youth supports reauthorization of Title IV-E child welfare waivers, and further requests that the income guidelines used to determine whether a child is eligible for IV-E funding either be eliminated, or be raised to current income guidelines rather than the income guidelines from 1996.

Advocates for Children and Youth (ACY) was founded in 1987 by a group of prominent child advocates in Maryland who saw the need for an independent organization to advocate for the needs of the state's children and families in the community, the media and the public policy arena. ACY's mission has remained unchanged since its founding--to identify problems, promote policies and programs that improve results for Maryland children in measurable and meaningful ways, and evaluate the effectiveness of programs and policies for the state's children and youth.

Title IV-E funding, which often comprises nearly one half of a state's total child welfare funding, can only be used for costs associated with foster care, subsidized guardianship, and adoption. When states are granted IV-E waivers, they can use the IV-E funding for a specific demonstration project where a new and innovative way of handling child welfare cases is attempted. Given that so many states are struggling financially, reauthorizing Title IV-E funding waivers is an excellent way to provide states with funding that can be used beyond costs associated with out-of-home placement, where they otherwise might not have resources. As the research by Casey Family Programs has shown, states that have received Title IV-E flexible funding waivers have seen improved outcomes for families. See "Ensuring Safe, Nurturing and Permanent Families for Children: The Need for Federal Finance Reform" and "Ensuring Safe, Nurturing and Permanent Families for Children: The Need to Reauthorize and Expand Title IV-E Waivers" at [www.casey.org](http://www.casey.org).

Advocates for Children and Youth urges Congress to reauthorize Title IV-E child welfare flexible funding waivers and either eliminate or make the income guidelines consistent with modern income levels so that states can continue to pursue innovative ways of improving outcomes for families involved with the child welfare system.



# American Humane Association

The nation's voice for the protection of children & animals

## Testimony of American Humane Association

### Before the U.S. Senate Committee on Finance *Innovations in Child Welfare Waivers: Staying on the Pathway to Reform*

March 10, 2011

Since 1877 the historic American Humane Association has been at the forefront of every major advancement in protecting children, pets and farm animals from abuse and neglect. A nonprofit membership organization, American Humane is a national leader in developing programs, policies, training, research and evaluation, and cutting-edge initiatives to prevent and respond to child abuse and neglect.

American Humane Association works to strengthen families and communities and enhance child protection systems at the state, county and local levels. Part of our strategy is to enhance the ability of local organizations and public agencies to respond effectively to the needs of vulnerable children and families. We accomplish this by providing training for the workforce that addresses issues of child abuse and neglect every day. We also work with child welfare professionals and agencies to improve their systems, and to strengthen families through various forms of family engagement including the use of Family Group Decision Making, differential response and greater engagement and outreach to fathers. We are pleased to submit this testimony to the Senate Finance Committee on the use of waiver demonstration projects through Title IV-E of the Social Security Act.

#### **THE ROLE OF WAIVER DEMONSTRATION AUTHORITY**

As we stated in testimony last summer when the committee held a hearing on “*Review the Use of Child Welfare Waiver Demonstration Projects to Promote Child Well-Being*,” any renewal of Title IV-E waiver authority must not serve as a substitute for more significant reforms in child welfare financing. We understand Congress is facing a massive budget deficit and the perception is finance reform cannot be accomplished at this time. However, regardless of the short-term economic outlook, Congress must maintain a commitment to vulnerable children and families. Doing so pays economic and social dividends for generations to come.

Investments in upfront services that can prevent abuse from taking place such as interventions that can bring families to the attention of the child protective services system before abuse and neglect occurs and investments in post-permanency services, i.e. reunification services for foster children reunited with their families and on-going support for kinship families can save money in this federal budget. The most compassionate and least costly way to remove children from a cycle of negative effects is to break that cycle altogether.

In adopting any waiver authority we hope you will look for ways to encourage states to fully implement provisions of the Fostering Connections to Success Act (PL 110-351), which members of this Committee were instrumental in enacting. This recession has made it difficult

for states to fully implement all the provisions in Fostering Connections but the provisions can make significant improvements in the lives of many families and children touched by the child welfare system if they are fully carried out.

American Humane Association also believes that waiver authority should include rigorous research and evaluation that can inform future policy and practice while also allowing the need for innovation. In addition, the extension of such waiver authority should encourage investments in practices that are already showing promise, for example Family Group Decision Making and differential response.

#### **RESULTS OF PAST TITLE IV-E WAIVERS**

States were provided the ability to apply for a waiver of Title IV-E and IV-B provisions as a result of congressional action in 1994. This waiver authority was extended once and then allowed to expire in 2006<sup>i</sup>. The waiver allows states to spend federal funds on a wider range of services and activities while not increasing their overall spending over a five year period of the waiver (cost neutrality). Overall 23 states attempted 32 demonstration or waiver proposals. The most significant and perhaps most successful was the use of Title IV-E funds to implement a Kinship-Guardianship program<sup>ii</sup>. Eleven states attempted these demonstration projects with perhaps Illinois being the most well known. The other demonstrations revolved around the use of flexible funding for different services, some provided up front services to families and children while other proposals revolved around specific services such as substance abuse treatment, managed care for children in care, and post adoption services. Overall out of the 32 demonstrations, 9 terminated early. By the end of this calendar year approximately 5 demonstrations will still be in effect. Twenty-one demonstrations involved random assignment studies with the remaining projects using comparison sites, matched studies, pre and post comparisons and time series analysis<sup>iii</sup>.

Of course the use of Title IV-E for the purpose of providing kinship guardianship services is now part of the law under the state option enacted as part of the Fostering Connections Act. The argument can certainly be made that the waiver encouraged and helped shape this new law. The results of other demonstrations is not as clear with other states having used their demonstrations to implement strategies around specific approaches and services including Family Group Decision Making, differential response, family supports and others services such as mental health treatment. States have found success in expanding services to families and children but not always in a cost neutral way. Some of the results have been positive, not just in expanding the levels and types of services provided, but may have reduced the number of placements as well as reduced the length of stay. Other states, such as North Carolina, discontinued its waiver due to the cost neutrality requirements<sup>iv</sup>. It can also be difficult to assess the direct impact of the use of waiver funds because there may be additional factors that are having an impact but aren't clearly measured such as changes in the department and political leadership or greater investment in services and the child welfare system through other sources. For example, Florida's Title IV-E waiver provides approximately \$145 million in federal funds while the state invests an addition \$155 million in federal TANF funds and \$94 million in Social Services Block Grant (SSBG) funds into the state's child welfare system<sup>v</sup>.

### **THE NEED FOR CHILD WELFARE FINANCE REFORM**

Through the leadership of this Committee and other key members of Congress, significant strides in reform were included in the Fostering Connections to Success and Increasing Adoptions Act. The extension of Title IV-E funding to kin families, to tribal governments, to youth up to the age of 21 and the elimination of the link to the Aid to Families with Dependent Children (AFDC) eligibility standard for adoptive children were important extensions.

We urge the Congress to take the next steps to make finance reform a reality. We need a finance structure that better addresses the needs of the children and families involved in child welfare including the need to make sure that services and funding can support a continuum from prevention of child abuse to post permanency services.

One area of needed reform is the complete elimination of the link between the AFDC program and foster care and kinship care. Congress has enacted changes that will eliminate this link between AFDC and adoption assistance, it would be logical to extend this to these two programs. The Administration projects that just 166,800 children in foster care will be covered under Title IV-E in FY 2011<sup>vi</sup> that will leave approximately 250,000 children who will be in care but not covered by federal funding.

An additional critical step is to open funding to prevention and support programs. First is the need to invest in effective approaches that can prevent abuse and neglect. We compliment Congress for taking a significant step in this area by enacting a new home visitation program included in the Affordable Care Act (PL 111-148). This model, which will focus on expanding current evidence-based models, will allow some investment in promising new initiatives and is an important approach to prevention efforts. Another important area in regard to prevention is to assist those families that come into contact with either the protective services or the child welfare agency. We recognize that this is a challenging part of any finance reform since the federal budget is not without limit. There are responsible ways to extend funding to address the need to prevent child abuse and neglect. It needs to be a top priority for this country.

### **RESEARCH AND EVALUATION ON PRACTICE**

American Humane Association's extensive research efforts have been targeted to helping child protection and child welfare agencies and professionals achieve better outcomes for children. Through decades of consultation with state and county public child protection systems, we have developed extensive knowledge and expertise that has helped and continues to help child welfare professionals to present compelling evidence to their decision makers -- and that result in their making the right choices for children and families.

Included in American Humane Association's work with a variety of governmental and nongovernmental entities in nearly all fifty states and the District of Columbia, is work in the areas of safety and risk assessment, the development of agency/organization evaluation systems, program evaluation, needs assessment, research with state data systems, the development and delivery of training curricula, training evaluation, and the teaching of professionals on how to



design and maintain their own evaluation system and the processes that are associated with such activities.

Throughout this work, effective evaluation has been important to building our understanding of what practices succeed in keeping children safe, helping families and enhancing child well-being. We also believe it is important that in implementing these initiatives and practices they be carried out in a way that demonstrates fidelity to key principles and elements. A few examples include Family Group Decision Making and differential response.

*Family Group Decision Making (FGDM)*

FGDM is a process in which family members, community members and others collaborate with the child welfare agency that has become involved in the family's life to create a plan for a child or youth. The family members define whom they claim as their family group. Key components include 1) an independent (i.e., non-case-carrying) coordinator, 2) the agency personnel recognize the family group as their key decision-making partner, 3) family groups have the opportunity to meet on their own, without the statutory authorities and other nonfamily members present, 4) when agency concerns are adequately addressed, preference is given to a family group's plan over any other possible plan, and 5) referring agencies support family groups by providing the services and resources necessary to implement the agreed-on plans.

FGDM recognizes the importance of involving family groups in decision making about children who need protection or care, and it can be initiated by child welfare agencies whenever a critical decision about a child is required. This approach positions the family group to lead decision making, and the statutory authorities agree to support family group plans that adequately address agency concerns. The statutory authorities also organize service providers from governmental and non-governmental agencies to access resources for implementing the plans.

FGDM can address long term foster care and enhance relative connections. Studies have shown using FGDM with children and youth who had been in out-of-home (foster) care the longest is a viable option for these children, regardless of their age, behavior, and history in care. Both permanency and family connectedness can be achieved.

For example, in Arizona, a demonstration project (KIN-nections) used FGDM for children who had been in care for five years or more and were in great need of permanency. KIN-nections held 61 family meetings on behalf of 100 children between November 2001 and September 2003. These 100 children had been in foster care for five years or longer or were free for adoption and without an identified adoptive family. An immediate positive finding was that the "value of the extensive and periodic search to solicit family participation was apparent":

- The average number of relatives the *case manager* named at the time of referral was 4.67
- The average number of relatives found in the file by the *facilitator* was 10.30
- The average number of relatives found upon search by the *facilitator* was 15.17
- The average number of relatives attending the conferences was 9.87<sup>vii</sup>

Of the group, the average age was 13.7 years, they had an average of 8.94 placements and 62 percent were children of color. At the time of publication:

- Plans were developed for all 100 children
- 68 had permanency plans
- 17 achieved permanency
- 51 have continued relative contact as the only plan after possible placements did not materialize<sup>viii</sup>

The study concluded that even in cases in which permanency is not obtained, the establishment or reestablishment of connections with family can be beneficial for years to come and FGDM “is critical for children in need of permanency, even those who have been legally disconnected from their parents and isolated from extended family...”

FGDM can be cost effective due to decreasing out-of-home placements, stability in foster care, less time in the child protective services (CPS) system, and fewer court hearings.

There is also growing evidence that FGDM can be an effective tool in addressing the overrepresentation of some ethnic or racial groups in the child welfare system, assist youth in care, better coordinate services for families in the child welfare system and increase the role of fathers in the lives of children who come into care.

#### *Differential Response*

Another area of promising practice is the use of differential response, also referred to as “dual track,” “multiple track,” or “alternative response.” It is an approach that allows child protective services to respond differently to accepted reports of child abuse and neglect, based on such factors as the type and severity of the alleged maltreatment, number and sources of previous reports, and willingness of the family to participate in services.

A strong example of this practice is in the state of Ohio. The Ohio Alternative Response Pilot Project grew from an initiative of the Supreme Court of Ohio and the Ohio Department of Job and Family Services (ODJFS). Authority for the demonstration was provided by the Ohio Legislature authorizing up to ten counties to pilot the alternative response model. American Humane assisted with planning and implementation.

In June 2010, the Ohio Alternative Response Pilot Project issued its project evaluation for the pilots that ran from July 2008 through December 2009. We have made this report available on our website and have sent Congress information on the finding of this evaluation. This report is one of the most comprehensive and recent analysis of DR. Some of the key findings include:

- More than half of child abuse and neglect reports were determined by local offices to be appropriate for an alternative response family assessment rather than a traditional response investigative assessment.
- Families assigned to the alternative response were among the poorest in Ohio. More than two-thirds of families reported incomes of \$15,000 or less compared to 8% for Ohio families as a whole.

- No evidence was found that replacement of traditional investigations by alternative response family assessments reduced the safety of the children. Children were as safe under alternative response as under traditional approaches.
- Subsequent reporting of families for child abuse and neglect declined under alternative response, particularly among minority families, the most impoverished families in the study.
- Removals and out-of-home placements (foster care) of children declined.
- The cost study showed that full indirect costs measuring worker times were slightly more expensive for alternative response by the end of the evaluation period.
- Familiarity with alternative response among community stakeholders had increased by the end of the Alternative Response Pilot Project period.
- Provision of poverty-related services of various kinds increased under alternative response, such as food and clothing, help with utilities, money to pay rent, help in obtaining appliances and furniture, car repair and transportation, and other financial help.
- Families served through alternative response were more frequently connected to counseling and mental health services<sup>ix</sup>.

In addition to these two examples there are other efforts, such as the National Quality Improvement Center on Fatherhood which is testing out practice on how to engage fathers in the lives of their children in foster care and how this can affect children in care. We have also focused much of our work on addressing the child welfare workforce. Through our research in this field we have had the opportunity to understand case services and workload from a unique perspective, as well as to develop a unit costing method for ongoing analysis, budgeting, and planning. This model -- the Workload Analysis and Resource Management (WARM) methodology -- has been used over the years to measure workload in Texas, Maryland, Rhode Island, Kentucky, and Ohio.

## RECOMMENDATIONS

### *Administration Reform Proposal*

American Humane Association looks forward to working with Congress on the Administration's proposal to enact reforms that can help address some of the biggest challenges in child welfare. These include the need for greater prevention services, services to better assist families that come to the attention of the child protective services system, the need for post-permanency services to keep families intact, greater engagement of fathers through child welfare, and the need to address the fact that too many infants and toddlers come into care and too many youth leave care through emancipation or "aging-out." We believe the reauthorization of the Promoting Safe and Stable Families program (IV-B Part 2) can also assist in address current challenges, including the need for more family-based substance abuse treatment services.

### *Research and Evaluation*

Consistent with all of these efforts detailed above is the critical role that research and evaluation have played. Just as Congress and the Administration have laid out some key principles in the implementation of the new home visitation program and the creation of an innovation fund to reduce long term foster care, it is consistent that any waivers going forward should include rigorous research requirements.

It is critical to understand the link between practice and results, especially as it affects child well-being and families. We need to evaluate changes in child welfare beyond the number of children in foster care. It is important to examine critical indicators such as child safety, the number of moves and placements in foster care, re-entry into care, access to services and other critical factors such as the impact on disproportionality and how a waiver funded service or practice influenced these indicators.

*Equal Access For Tribes*

American Humane Association also believes that tribal governments or consortia of tribal governments have access to Title IV-E waivers. There may be a need for greater flexibility in these waivers, including a longer time frame to actual start up of the waiver and technical assistance in the development and use of evaluation and research tools.

*Cost Neutrality*

American Humane suggests that Congress also look at ways to build in greater flexibility in the “cost neutrality” model. A standard that conditions increased investment in year one only if actual costs are reduced in year five may not allow enough time for such policy development and practice changes to have an actual cost effect. In addition, there are some positive results that may not have an immediate (within five years) effect. A reduction in the number of placements for a child, for example, would be a positive outcome for a child but such stability may not equal immediate measurable savings. There are other examples where a family or child may benefit but the financial measures may not be recognizable. Congress should examine the length allowed to measure “savings” or perhaps allow some flexibility in terms of whether or not all waivers should be absolutely cost neutral.

*Replications of Successful Models Should Be Rigorously Evaluated In Regard to Innovation*

Similar to the home visitation model now being implemented, fidelity to components of successful programs and practices, such as FGDM and differential response, should be followed. If innovative approaches are tested then there should be a rigorous evaluation of such innovation. It is important that we build on successful initiatives and practices.

*Enact Finance Reform*

It is important that if Congress extends this waiver authority, it not be viewed as a way to delay more significant reforms. We already know there is a shortfall of support for preventions services and other services and that knowledge should be enough motivation for such reforms. Waivers, even in their early stages can inform your legislative work and if a finance reform package is enacted, they can inform policy at the state and local level.

In closing, we are pleased that the Senate Finance Committee held this hearing this morning. As the Committee, Congress and the Administration move forward in this process we offer our assistance and support in these reform efforts.

*American Humane Association*

**FOOTNOTES**

<sup>i</sup> Committee on Ways and Means, United States House of Representatives. (2008) *2008 Greenbook*. Online: <http://waysandmeans.house.gov/singlepages.aspx?NewsID=10490> .

<sup>ii</sup> Administration for Children and Families, Children's Bureau. (2010). *Summary of the Title IV-E Waiver Demonstrations*. Online:

[http://www.acf.hhs.gov/programs/cb/programs\\_fund/cwwaiver/2010/summary\\_demo2010.htm](http://www.acf.hhs.gov/programs/cb/programs_fund/cwwaiver/2010/summary_demo2010.htm).

<sup>iii</sup> Committee on Ways and Means, United States House of Representatives. (2008) *2008 Greenbook*. Online: <http://waysandmeans.house.gov/singlepages.aspx?NewsID=10490> .

<sup>iv</sup> Ibid.

<sup>v</sup> DeVooght, K., Allen, T., and Geen, R. (2008). *Federal, state, and local spending to address child abuse in SFY 2006*. Retrieved November 24, 2009, from [www.childtrends.org/Files/Child\\_Trends-2009\\_02\\_17\\_FR\\_CWFinancePaper.pdf](http://www.childtrends.org/Files/Child_Trends-2009_02_17_FR_CWFinancePaper.pdf). Washington, DC: Child Trends.

<sup>vi</sup> Department of Health and Human Services. (2011). *Budget in Brief, (page 93)*. Washington DC

<sup>vii</sup> Velen, M. & Devine, L. (2005). Use of FGDM with Children in Care the Longest: It's About Time. *Protecting Children: An Evidence-based Decision-Making Process in Child Welfare*, 19 (4), 25-34.

<sup>viii</sup> Ibid.

<sup>ix</sup> Kaplan, C., Rohm, A. (2010). *Ohio Alternative Response Pilot Project, Final report of the AIM Team: Executive Summary*. American Humane & Institute of Applied Research Minnesota Consultants. Online: <http://www.americanhumane.org/assets/docs/protecting-children/PC-DR-Ohio-AIM-Executive-Summary.pdf>



**TITLE IV-E WAIVERS ARE NEEDED TO HELP ALIGN FEDERAL FUNDING FOR CHILD WELFARE SERVICES WITH THE OUTCOMES THE FEDERAL GOVERNMENT WANTS STATES TO ACHIEVE**

There is a conflict between the outcomes the federal government says it wants and the outcomes it actually spends its money supporting. Ultimately, that conflict needs to be addressed through further federal child welfare financing reform. But until that happens, the federal government should create a new Title IV-E waiver program so states can pilot ways to use dedicated child welfare federal funds to achieve the outcomes the federal government wants.

**Title IV-E Waivers Will Allow States to Use Federal Funds to Fulfill the Federal Mandate of Keeping Kids at Home**

Even when there has been abuse or neglect, the federal government wants state child welfare systems to keep children safe in their own homes, if possible.<sup>1</sup> When that's not possible and removal is necessary, the federal government wants state child welfare systems to find relatives the child can live with and provide reunification services so the child can return home as soon as possible.<sup>2</sup> But the federal government does not spend its money supporting these outcomes.

The Urban Institute periodically surveys state child welfare agencies regarding how they finance their child welfare systems, including the use of dedicated federal child welfare funding under Title IV-B and Title IV-E of the Social Security Act. The surveys found that an estimated 6 percent of dedicated federal child welfare spending supports in-home and reunification services while the remaining 94 percent goes to foster care and adoption.<sup>3</sup> The skew in what federal funding supports is primarily because Title IV-E accounts for the vast majority of the dedicated child welfare federal funding<sup>4</sup> and it is limited to supporting foster care and adoption.<sup>5</sup>

Because Title IV-E requires a state match to draw down federal funds, state funding follows a similar pattern. For example, in 2009, the allocation of state funding in Texas for child welfare was 10 percent on in-home and reunification services and 90 percent on foster care and adoption.<sup>6</sup>

Outcomes follow funding. In 2009, more than 1 in 3 victims of child abuse and neglect nationwide who received post-investigation child welfare services were removed, usually into foster care, instead of getting in-home services.<sup>7</sup> And in 17 states, the removal rate was more than 50 percent.<sup>8</sup> Reunification rates were even worse. Nationwide in 2009, only 1 in 5 children in foster care during the year exited to reunification.<sup>9</sup>

If the federal government wants more children in their own homes, it needs to shift its funding streams so states have the resources to provide families with the services they need. A waiver allowing states to use Title IV-E funding for both in-home and reunification services is one way to accomplish this.

Investing in in-home and reunification services can keep more children safe at home. In 2004, Texas had several high profile tragedies with children involved with its child protective services (CPS) system resulting from, among other things, an underfunding of the system. In the following years, the Texas legislature increased funding for the CPS system, focusing a significant amount of additional resources on keeping children safe at home.<sup>10</sup> After making these investments, the percentage

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of children receiving post-investigation child welfare services who were able to stay safely at home at the outset of a case<sup>11</sup> or reunify after removal<sup>12</sup> increased by almost 10 percent.<sup>13</sup>

Not only do investments in in-home and reunification services mean more children staying safely at home, these investments also save money. In January 2008, Texas implemented the Strengthening Families program, which helped families in neglect cases where poverty was a significant underlying problem.<sup>14</sup> The program provided cash assistance of up to \$250 to help a family purchase necessities (e.g., groceries, car repair, rent) and up to \$3,000 in funds that could be used to help improve family functioning and child well-being. During the first 20 months of the program, over 1,300 families and more than 4,500 children receiving in-home services participated, receiving about \$2.5 million in payments and services. An evaluation of the program found that it helped keep children safe in their own homes. The removal rate for families in the program was about 30 percent less,<sup>15</sup> meaning that about 248 fewer children than expected were removed.<sup>16</sup>

If the 248 children had been removed and placed into foster care, it would have cost an estimated \$10.7 million in combined federal and state funds for foster care payments alone.<sup>17</sup> As the state spent \$2.5 million on the Strengthening Families program, the program resulted in net savings in both federal and states dollars of an estimated \$8.2 million. Unfortunately, however, due to the revenue crisis in Texas as a consequence of the Great Recession, the program has been eliminated. A Title IV-E waiver could be used to restore it.

A Title IV-E waiver program could also be used to help states redesign their foster care system so that it better supports reunification. Texas is currently in the process of such a redesign.<sup>18</sup> Using a Title IV-E waiver, Texas could use funds to support the redesign's efforts to return children home faster. For example, if Texas could use Title IV-E funding for services to support the family after the child returns home (e.g., family counseling), it could reduce the time the child has to spend in foster care.

Any Title IV-E Waiver Program Should Include a Provision for Transforming the Adoption Incentive Award into a Permanency Incentive Award

If a state uses a Title IV-E waiver to keep more children at home, fewer children will be adopted, which could reduce a state's adoption incentive award. Ironically, that means that states that improve their efforts at keeping children at home may end up with less overall federal funding support for their children welfare systems. To ensure this does not happen, if a waiver program is adopted, the federal government should include a provision that would allow an option of transforming the current adoption incentive award into a permanency incentive award. Under this option, the federal government could determine what the expected adoption incentive award for the state would be. But instead of conditioning the award on increasing adoptions, the state would have a target for increasing overall permanency, whether through keeping a child at home, reunification after removal, legal guardianship or adoption. If the state met that target, it would get the award.

Conclusion

Allowing states to obtain a waiver to use Title IV-E funds to support in-home and reunification services will let states better align federal child welfare funding with desired outcomes. In doing so, the states and the federal government will save money which can then be reinvested in the child welfare system to improve outcomes even further.

Respectfully submitted,

Jane Burstain, PhD  
Senior Policy Analyst  
Center for Public Policy Priorities

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The Center for Public Policy Priorities is a nonpartisan, non-profit committed to improving public policy to better the economic and social condition of low- to moderate-income Texans. We pursue this mission to achieve our vision for a BETTER TEXAS™.

<sup>1</sup> Once a state has to intervene in a family to protect a child from abuse or neglect, federal law requires the state to first try in-home services designed to keep the child safe in their own home with the parents retaining legal custody. (42 U.S.C. §671(15)(B)).

<sup>2</sup> When a child is removed, federal law requires that, absent aggravated circumstances, the state provide reunification services to help the parents regain custody. (42 U.S.C. §671(15)(B) and (D)).

<sup>3</sup> An Urban Institute survey of state child welfare agencies found that, of the Title IV-B money states allocated, 57 percent was spent on in-home and reunification services while the remaining 43 percent was spent on adoption and foster care. Bess R. Scarella CA, Jantz A, Russell V, Geen R. *The Cost of Protecting Vulnerable Children III: What Factors Affect States' Fiscal Decisions*. Urban Institute. 2002. A subsequent survey found that in 2004, Title IV-B and IV-E spending by the states totaled \$6,488 million. Title IV-B spending by states totaled \$639 million. Using the past survey as a guide, we assumed 57 percent of this amount, or \$364 million, was spent on in-home and reunification services with the remainder, or \$275 million, spent on foster care and adoption. Adding the \$275 million to the \$5,849 million in Title IV-E funds for 2004, we got a total of \$6,124 million spent on foster care and adoption which represents 94 percent of all Title IV-B and Title IV-E spending by the states in 2004. Scarella CA, Bess R, Siewleski EH, Geen R. *The Cost of Protecting Vulnerable Children V: Understanding State Variation in Child Welfare Financing*. Urban Institute. 2006.

<sup>4</sup> The 2004 survey by the Urban Institute of state child welfare funding in 2004 found that, nationwide, states spent \$639 million in Title IV-B funds and \$5,849 million in Title IV-E funds.

<sup>5</sup> 42 U.S.C §670.

<sup>6</sup> DFPS 2012013 Legislative Appropriations Request.

<sup>7</sup> *Child Maltreatment 2009*. Administration of Children, Youth and Families.

<sup>8</sup> *Child Maltreatment 2009*. Administration of Children, Youth and Families.

<sup>9</sup> At the start of federal fiscal year 2008, there were 463,000 children in foster care (*AFCARS Report: Preliminary FY 2008 Estimates*) and during federal fiscal year 2009 another 255,418 entered foster care (*AFCARS Report: Preliminary FY 2009 Estimates*) for a total of 718,418 children in foster care during the year. 140,061 children, or 19.5 percent, exited to reunification during federal fiscal year 2009. (*AFCARS Report: Preliminary FY 2009 Estimates*)

<sup>10</sup> From 2005 to 2009, the number of caseworkers dedicated to supporting families on in-home cases increased by 57 percent (Texas Department of Family and Protective Services (DFPS) databooks), while funding for protective day care that helps keep young children safe in their own homes, substance abuse services, parenting classes and other in-home and reunification services increased by 20 percent (DFPS Operating Budgets and Legislative Appropriations Requests).

<sup>11</sup> Meaning the child was not removed while the family was receiving in-home services.

<sup>12</sup> Reunification includes children who exited state custody to reunification as well as those children who remained in state custody at the end of the fiscal year but who were on a trial home visit.

<sup>13</sup> Comparing 2005 to 2009 using data from DFPS.

<sup>14</sup> *Strengthening Families through Enhanced In-Home Support in Child Protective Services: Status Update*. Texas DFPS. December 2009. At: [http://www.dfps.state.tx.us/documents/about/pdf/2009-12-15\\_SFI\\_Report.pdf](http://www.dfps.state.tx.us/documents/about/pdf/2009-12-15_SFI_Report.pdf).

<sup>15</sup> Using a logistic regression and controlling for differences in risk assessments between the participating families and a comparison group of families who did not participate resulted in an odds ratio of .689. This means that the removal rate for families participating in the program, after controlling for differences in risk, was 31.9 percent lower than the comparison group. The removal rate in the comparison group was 15 percent. Reducing this rate by 31.9 percent gives a removal rate for families participating in the program of 9.6 percent.

<sup>16</sup> A total of 1,312 families participated in the program. The expected removal rate absent participation was 15 percent or 197 families. The removal rate after participation was 9.6 percent or 126 families, or 71 fewer families than expected. The average number of children in families participating in the program was 3.5 children multiplied by 71 families means 248 fewer children than expected were removed.

<sup>17</sup> The average monthly cost of the foster care payment per child in 2008 was \$1,794. (Texas DFPS 2010-11 Legislative Appropriations Request). The average time in state custody for children who left state custody during state fiscal year 2009 was 2 years. (DFPS data). That means that if these children had gone into foster care, they would have been in foster care for an average of 2 years, costing a total of \$10.7 million.

<sup>18</sup> A description of and resources regarding the redesign is available on DFPS' website at: [http://www.dfps.state.tx.us/Child\\_Protection/Foster\\_Care/redesign.asp](http://www.dfps.state.tx.us/Child_Protection/Foster_Care/redesign.asp).

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Comments for the Record:

Hearing: Child Welfare Waivers: Starting on the Pathway to Reform

Date: Thursday, March 10, 2011

Submitted by: Gini Pingnot, CCI

## **Child Welfare Funding Flexibility: The Need to Reauthorize and Expand Federal IV-E Waivers<sup>1</sup>**

*In 1994, Congress authorized the Secretary of Health and Human Services (HHS) to approve waivers to IV-E rules for the purpose of funding demonstration projects in state or county child welfare systems. The goal was to generate new knowledge regarding innovative child welfare practices by allowing agencies to use IV-E funds flexibly for support of child welfare services and activities other than foster care and for rigorous evaluation of demonstration projects. Flexible funding waivers have been associated with large reductions in foster care populations and better outcomes for children involved with the child welfare system. It is time for Congress to reauthorize these waivers.*

### **What are Title IV-E Funds?**

Title IV-E is the category of federal regulations that governs federal funding of foster care and adoption support. Title IV-E funds a percentage of foster care maintenance costs paid to foster parents for the care of eligible children and a percentage of states' administrative costs. In contrast, family support services and prevention services are provided largely through much smaller funding sources such as Title IV-B and Social Service Block Grant (SSBG) funds.

A state's IV-E funding depends on the percentage of children in foster care who would have been eligible in 1996 for Aid to Families with Dependent Children (AFDC), a program that no longer exists. The use of 1996 AFDC income standards to determine children's IV-E eligibility is gradually eroding states' IV-E claims as the wages of low-income workers increase due to inflation and the higher minimum wage.

### **What Congress can do**

The HHS Secretary continues to have the authority to extend existing IV-E waivers. However, congressional action is needed to authorize the HHS Secretary to approve new Title IV-E waivers for states interested in using them to improve their services to children and families and to rigorously evaluate their reform initiatives.

New waivers can and should be structured to evaluate new approaches to child welfare federal finance reform that retain the IV-E entitlement while permitting reinvestment of IV-E savings resulting from reductions in the state or county foster care population.

Flexible funding waivers eliminate disincentives and add a powerful incentive to improve outcomes for children while safely reducing foster care populations.

Policymakers have a once-in-a-generation opportunity to create lasting reforms by reallocating IV-E foster care savings to prevention, early intervention, family support and expedited permanency services. Expanded use of IV-E waivers will allow additional child welfare systems to take immediate advantage of this opportunity.

**Congress is encouraged to act quickly to reauthorize and expand Title IV-E waivers to enable child welfare programs to focus on front end prevention programs, which have been proven to lead to better outcomes for children.**

<sup>1</sup>This fact sheet was prepared by extracting key points from the Casey Family Programs White Paper entitled: "Ensuring Safe, Permanent and Nurturing Families for Children: The Need to Reauthorize and Expand Title IV-E Waivers." The document can be found at: <http://www.casey.org/resources/publications/NeedForWaivers.htm>.



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**Statement for the Hearing Record**

**Innovations in Child Welfare Waivers: Starting on the Pathway to Reform**

**For the United States Senate Committee on Finance**

**March 10, 2011**

The County Welfare Directors Association of California (CWDA) welcomes the opportunity to submit this statement for the Senate Finance Committee hearing record on *Innovations in Child Welfare Waivers: Starting on the Pathway to Reform*.

CWDA represents the human service directors from each of California's 58 counties. Its mission is to promote a human services system that encourages self-sufficiency of families and communities, and protect vulnerable children and adults from abuse and neglect.

While California's 58 counties - ranging from Alpine with a little more than 1,200 people, to Los Angeles with more than 10 million - are diverse, many common issues exist. No matter how small or large the county, each county Board of Supervisors and their human services professionals are responsible for protecting and serving at-risk and low-income families in their communities. Those needs are funded through a combination of federal, state and county programs. California is one of 13 states in which counties administer child welfare services, including Title IV-E Foster Care and Adoption Assistance under state supervision.

CWDA supports comprehensive child welfare services and financing reform. We believe that child welfare waiver demonstration projects are important tools for testing new approaches to child welfare that can lead to improvements in the delivery, effectiveness, and efficiency of services. Lessons learned from past and current waivers, therefore, help inform federal policymakers on how to reform the current child welfare system. They should not, however, be used as a reason to delay comprehensive reform efforts.

In the interim, waivers must be continued and expanded – especially flexible funding waivers, such as California's, which provide participating States and counties with greater flexibility over the use of Title IV-E funds, including the ability to use funds to finance new or expanded services that seek to prevent costly out-of-home placements and /or facilitate permanency. Under California's waiver, the two participating counties – Alameda and Los Angeles -- receive annual capped allotments. The cost of the investments and reinvestments in new or expanded services are financed by the offsetting savings in out-of-home placement costs. In both counties, the waiver has reduced the number of children in out-of-home placements and re-entries into foster care. The waiver has also increased permanency. Updates on the progress in Alameda and Los Angeles are provided near the end of this statement.

The federal authority to approve new child welfare demonstration projects (Section 1130 of the Social Security Act) expired on March 31, 2006. However, existing demonstration projects may be renewed by the Secretary of Health and Human Services (HHS) after the end of the five-year project and after the final evaluation report has been issued. "Bridge extensions" provide waiver States and HHS time to review final evaluation and financial reports before decisions are made to extend the waiver for another five years. HHS has granted an extension of California's waiver through June 30, 2013 – six months after the date when the final evaluation report is expected and one year after the original project period.

As broader reform is designed, CWDA supports a streamlined process for renewing waivers. Renewals should not impose new requirements as a condition for extending them. Incentives under the current California waiver already provide the impetus to invest in practices that improve child welfare outcomes. Given current state and county budget pressures, any new requirements may dissuade existing and/or new waiver counties from taking on the risks of operating a waiver. If a waiver is demonstrating results, a streamlined process should allow for a renewal before the final evaluation report is submitted in order to minimize any uncertainty that may affect program administration. CWDA also supports providing HHS the authority to approve at least ten new demonstration projects each year – the number of projects that HHS previously was allowed to approve annually under Section 1130. The application process for new waivers also should be streamlined and not impose requirements that would discourage states from pursuing waivers to test alternative approaches.

Given the need for human services practices that are evidence-based, CWDA supports the requirement that waivers include an evaluation component to capture changes in child welfare outcomes. We do, however, urge flexibility in crafting those components. For example, the use of control groups (or sites) should not be required in the design of demonstration projects. If a waiver approach proves to be highly successful, participants in the control group should not be required to continue to receive less effective services for the sake of comparison/evaluation. At the same time, the five year waiver timeframe may be too short to fully assess the efficacy of an approach and interactions between various demographic factors may be difficult to separate out, especially given relatively small sample sizes.

States should also be allowed to expand the geographical coverage of waiver projects and to stagger the start-up date of waiver projects in individual counties over time. Under the terms and conditions of California's current waiver, 20 counties were allowed to participate, but only two counties opted to participate before the deadline arrived for deciding whether to participate. Other counties did not have the option of starting a five-year flexible funding project at a later date (e.g., beginning in 2008 or 2009).

In addition to the issues described above, depending on the structure of a waiver, it should support and expand upon a number of the following principles:

General Principles regarding Child Welfare Waivers:

- Are an interim step on the road to child welfare services finance reform.
- Allow states to invest in upfront services and strategies to assist families in crisis, before abuse or neglect occurs.

- Allow states to invest in post-permanency services, including reunification, on-going kinship family support, and post adoption services.
- Can align federal financing with desired outcomes - trigger services when there is a finding that services are needed rather than when a finding of maltreatment occurs.

Waiver Evaluations should:

- Have strong research and evaluation components to test/demonstrate outcomes that may be replicable and evidence-based.
- Be given greater flexibility in measuring cost-neutrality – the five year window may not be long enough to measure policy changes and resulting outcomes.
- Address indicators such as:
  1. increasing child safety
  2. lowering the number foster care placements
  3. increasing placement stability
  4. shortening length of stays
  5. reducing re-entry into care
  6. linking children to permanency
  7. preserving or achieving permanency for every child
  8. improving child well-being
- Support a full range of desired outcomes including, (1) broad development of differential responses for child protection referrals that present low or moderate risk to children; (2) accelerated permanence in safe and appropriate homes, and improved transitions to adulthood, particularly in the areas of education, mental health and employment.

At the local level, waivers should also:

- Enable reinvestment and flexibility at the case level.
- Support manageable workloads that translate into Social Workers having more time with children, youth and families resulting in quality service and improved outcomes for children, youth and families.
- Meet a child's needs, irrespective of the income of the family from which the child was removed.
- Support a range of permanency options, including prevention, reunification, adoption and guardianship.

- Support children who exit foster care through reunification, guardianship or adoption to prevent re-entry and enhance their overall well-being.
- Stabilize and strengthen families and prevent foster care placements; expand family finding services to locate extended family members (both maternal and paternal) for children needing foster care; work with local courts to expedite permanency planning; and assist with legal fees to support diversion of children in foster care to relative guardianships.
- Provide caseworkers with intensive training and support to work with youth at risk of aging out of foster care without a permanent family.
- Maintain fidelity to programs and practices with demonstrated results.
- Use and refine tools measuring future safety risks.

#### **California County Waivers**

Alameda and Los Angeles Counties exemplify the positive impact that child welfare finance waivers can have on child welfare practice and, importantly, child welfare outcomes for the children and families they serve. They are implementing many of the waiver principles described above and are proud of their success to date.

**Alameda County:** Alameda County has experienced great success. Previously, the County received federal Title IV-E dollars to help support each child who was placed in a foster care placement which does not allow much financial support for preventative and creative supportive services. The Waiver granted the County five years worth of Title IV-E dollars upfront, money that would have been spent for foster care placements over that period of time. This upfront money has allowed the County to provide more preventative, family-friendly services with the goal of keeping more children safely in their home environment.

Below are just a few of the statistics that show the positive impact in Alameda:

Since the beginning of the Waiver:

- The number of children in foster care placements has declined by approximately 31%.
- The number of children in group homes has decreased about 58%.
- The number of children placed with a relative/fictive kin as their FIRST foster care placement has increased about 60%.
- The number of reentries into foster care after reunifying within twelve months has declined by about 19%.
- The number of children in Probation foster care placements has declined by about 41%.
- The number of children served by Probation's Family Preservation Unit has increased by about 21%.

In addition, the Waiver has given the County the flexibility to partner with community-based organizations to expand existing supportive services. A large component of the Waiver is the ARS program, Another Road To Safety, which is a diversion program in which families who are reported to the Child Abuse/Neglect Hotline can choose to receive customized, supportive

services without any involvement from DCFS. Three community-based organizations provide the services to the families who reside in designated zip codes within the County. This program has been very successful in keeping families out of the child welfare system while leaving children safely in their home environments.

Front-line staff, as well as the Department's Management Team, have seen the positive impacts of the Waiver. The County believes that another five year extension is vital so that it may continue to build on its success and offer this range of services to other deserving families.

**Los Angeles County:** Los Angeles County has also demonstrated success since implementing its Waiver. According to the mid-point evaluation conducted by San Jose State University, the County has seen positive trends in the following areas:

- The number of children entering foster care declined by 18%
- More children are exiting foster care to permanency through reunification, and as of 2009 63.9% of children were reunified within 12 months
- The number of group home placements decreased by 36.0%.
- Positive trends have also been demonstrated in placement stability and child placements with their own siblings.
- According to more recent data from Los Angeles County, the number of children in care 24 months or longer who exited to permanency also has been steadily increasing from 18.7% to 25.2% since the start of the waiver.

During the first year of the Waiver, Los Angeles County focused on reducing the temporary out-of-home care population with an emphasis on decreasing the number of youth in high cost residential care and to more appropriately meet children's needs in family-based settings. The strategies generated Waiver savings that were then reinvested to initiate or expand several other strategies, including Family Team Decision Making (TDM) conferences and Focused Family Finding and Engagement for youth in long-term care.

In addition, Los Angeles County has partnered with its community-based service providers to strengthen safety net services for families and children, establishing strength-based, comprehensive child abuse and neglect prevention systems, including the Prevention Initiative Demonstration Project in partnership with twelve community-based organizations that led or co-lead local networks in each of the County's eight regional Service Planning Areas (SPA), each focusing on achieving outcomes associated with preventing child abuse.

In summary, CWDA views the above policies and practices and the waiver experiences in Alameda and Los Angeles counties as positive steps toward building the foundation for comprehensive child welfare practice and financing reform. We stand ready to assist and participate in a broader federal discussion.

CWDA thanks the Committee for this opportunity to submit a statement for the record. If you have any questions, please contact Tom Joseph, Director of CWDA's Washington Office at [tj@wafed.com](mailto:tj@wafed.com) or 202.898.1444.



## STATEMENT FOR THE RECORD

### **United States Senate Committee on Finance Hearing**

Innovations in Child Welfare Waivers: Starting on the Pathway to Reform

**Thursday, March 10, 2011**

Chairman Baucus, Ranking Member Hatch and members of the Senate Committee on Finance, thank you for this opportunity to submit a statement for the record regarding the March 10, 2011 hearing on *“Innovations in Child Welfare Waivers: Starting on the Pathway to Reform.”*

First Focus is a bipartisan advocacy organization committed to making children and their families a priority in federal policy and budget decisions. Our organization is dedicated to the long-term goal of substantially reducing the number of children entering foster care, and working to ensure that our existing system of care protects children and adequately meets the needs of families in the child welfare system. We are especially concerned with increasing our federal investments in prevention efforts and providing supports and services for at-risk families to ensure that they never enter the child welfare system in the first place.

Since the authorization of the very first federal grants for child welfare services in the 1930s, states have made considerable strides in addressing the needs of children and families entering the system, but we need to do more. A critical first step would be to make improvements to the existing child welfare financing structure to ensure flexibility in the use of the primary source of federal dollars dedicated to child welfare services – SSA Title IV-E. Currently, restrictions in the allowable use of funds result in the larger portion of federal funding being dedicated to foster care. States should be able to directly access Title IV-E funds for investments in a broad continuum of services for children and families, including prevention, early intervention, and post-permanency services. Doing so will ensure that states have the resources they need to adequately care for the countless children and families that walk through their agency doors each day. Furthermore, changes to the eligibility policy for Title IV-E foster care payments are long overdue.

As it stands, eligibility for federal foster care assistance remains tied to the defunct Aid to Families with Dependent Children (AFDC) program. As a result, the federal commitment to foster care has followed a steady downward trend, each year shifting a greater share of the burden on to states to provide for children in care. As such, states are forced to compensate by drawing funds from other programs such as Temporary Assistance to Needy Families (TANF) and the Social Security Block Grant (SSBG) to provide for children in care.

Such critical limitations of the existing federal child welfare financing structure limit the ability of states to provide a diverse array of services to families in need and call attention to the need for a comprehensive reform of the fiscal system. While reform is needed, it may take time for Congress to pass comprehensive child welfare financing legislation. Absent a broader reform of the financing structure, states are now in need of greater flexibility in the use of available federal child welfare funds. Child welfare waiver demonstration projects are a critical vehicle for promoting flexibility and fostering innovation in practice at the state level.

Demonstration waivers, available for some time in programs including Medicaid and AFDC, were first authorized for child welfare in 1994. The Social Security Act (SSA) child welfare demonstration waivers (Section 1130) allowed states to develop and implement innovative approaches to the delivery of child welfare services, and the subsequent 1997 Adoption and Safe Families Act (ASFA) (P.L. 105-89) permitted the Secretary of Health and Human Services (HHS) to approve ten new waiver demonstration projects each year. The legislative authority to approve new waivers expired on March 31, 2006. States with projects approved before that date could continue to implement their waivers, and, the Secretary retained the authority to consider and approve requests to extend demonstrations beyond the original period. First Focus urges Congress to reinstitute and expand child welfare demonstration waivers. In reauthorizing title IV-E waivers, we ask Congress to consider the following modifications to the waiver program:

**Modify Title IV-E Foster Care and Adoption Assistance Demonstration Waivers by Adopting Successful Elements of SSA Section 1115 Waivers for Medicaid and CHIP.** Section 1115 provides the Secretary of HHS the authority to waive provisions of major health programs, including certain requirements of Medicaid and CHIP. Under Section 1115, the Secretary can allow states to use federal funds for Medicaid and CHIP to test new coverage approaches, and in doing so, foster innovation at the state level. This waiver authority has served several key functions. It has allowed states and the federal government to test new, innovative, and more cost-effective approaches to delivering and financing health care services and helped to advance an administration's policy priorities. It has also given Congress an opportunity to direct HHS to test promising new approaches to service delivery and payment. First Focus recommends modifying title IV-E foster care and adoption assistance waivers to include elements that have been critical to the success of Section 1115 waivers. Our recommendation is driven by the demonstrated success of Medicaid and CHIP waivers. Specifically, we ask Congress to consider the following changes to the IV-E waiver program:

*Permit Negotiations around the Terms of a Waiver.* Unlike 1130 waivers, the Secretary's waiver authority under 1115 is rather broad. Section 1115 waivers are essentially approved through a series of negotiations between a state and HHS, including around the waiver's financing – a key element of the waiver. Under 1115 waivers, each state develops a negotiated budget neutrality agreement with Centers for Medicare and Medicaid Services (CMS) by projecting costs for a demonstration based on its existing Medicaid program without the demonstration. In negotiating with CMS, a



state can leverage flexibility in the Medicaid program to boost federal support for demonstrations and make a case for federal support beyond that provided by their historical spending. HHS may permit a state to use a higher-than-benchmark growth rate so long as the state can argue that available data fail to accurately depict anticipated growth in its Medicaid program. *First Focus recommends broadening the Secretary's waiver authority under section 1130, to allow for negotiations around key elements of the program. Such an effort can be modeled after section 1115 waivers.*

*Eliminate the Cap on IV-E Waivers.* Section 1115 waivers are uncapped and open to all states. In contrast, child welfare demonstrations are capped at ten per year, thereby limiting the opportunity for innovation to just a few states. Section 1115 waivers have not had to contend with a limit on the number of demonstrations allowed per year and as a result, Medicaid and CHIP programs have been able to implement change throughout the entire country. In Medicaid, most states are essentially replicating promising or proven practice. In order to learn whether promising demonstrations can be taken to scale, they must be replicated. *Rather than limiting waivers to ten per year, more states should be allowed to replicate promising waiver models. First Focus recommends opening the IV-E waiver program to all states.*

*Streamline Waiver Extensions.* One of the key issues faced by waiver states is a difficulty in renewing demonstration projects after the initial five-year period. At present, in order to extend an existing IV-E waiver, a state must submit a letter requesting an extension no later than 6 months before the termination date of the demonstration project. In addition, the state must complete the final evaluation report on an expiring waiver. In the interim, HHS grants short-term “bridge” extensions. This process is very different from the renewal of 1115 waivers, which can be and often are negotiated before the end of a waiver period and create a more seamless transition to a new waiver. *It is critical that we streamline the process for renewal of demonstrations. A state should not have to wait until after a final evaluation report is out to renew its waiver. The IV-E waiver program should streamline the process for renewing demonstrations, especially if a program is proving to be effective and showing growth and development.*

**Modify Title IV-E Waiver Evaluation Requirements.** Currently, states must obtain an evaluation from an independent contractor, comparing the existing state program (control group) to the waiver project (experimental group). Conducting experimental designs in community settings can be problematic for a number of reasons, and according to state reports, the evaluation requirement has presented a few challenges. States have reported that evaluation findings were limited by a variety of factors: inclusion of a wide range of child characteristics and target populations in study design that may wash out effects; small sample sizes (e.g., comparison across counties); limited availability of data; the provision of services to children and families in the comparison group that were similar to those provided to the “treatment” group; difficulty capturing meaningful changes in child welfare outcomes in a relatively short time frame; and the challenge of parceling out findings that may be uniquely attributed to the demonstration in an environment of co-occurring reforms. In addition, states have reported the potential for a selection bias in cases where a limited number of counties participated in the demonstration. *Given the challenges states*

*have identified in utilizing experimental designs, moving forward, First Focus recommends that states be given the flexibility to determine the most appropriate evaluation design for their program. Although fewer states will likely utilize an experimental design, one approach to encouraging a pseudo-experimental design is to allow a state to replicate a promising waiver model.*

**Foster Innovation Using New Waiver Models.** Waivers are intended to foster innovation. While the types of projects supported by IV-E waivers to date have been critical to increasing our knowledge base and informing best practices, First Focus believes that IV-E waiver authority could be broadened to support new areas. *First Focus recommends expanding IV-E waivers to support projects that address the needs of youth aging out of care, foster family resiliency and address poverty, test approaches to financing reform, and coordinate services between Medicaid and title IV-E.*

*Identifying what works for Youth Aging Out of Care.* States should be able to develop demonstrations to address the needs of youth aging out of the foster care system. For instance, waivers could allow states to use independent living dollars to develop and implement an “enhanced” independent living program rather than the standard model, or to use TANF funds - in limited amounts - to provide a broad range of support services for teens aging out of care. A waiver could allow a percentage of TANF funds (e.g., 5 or 10 percent) to be transferred to title IV-E or IV-B to support youth transitioning to adulthood and independence - while maintaining the global limit of 30% cap on TANF transfers. These funds could augment available resources and support a more robust package of services for teens transitioning to independence.

*Fostering Family Resiliency and Addressing Poverty.* IV-E waivers could be a valuable tool for addressing poverty-related issues for families at risk of entering the child welfare system. Waivers could be used to move people out of poverty and to keep kids at home. Specifically, waivers could support front-end services for families impacted by poverty and at risk for neglect, and help to address the needs of families and children in their own homes. For instance, a waiver could be used to provide child care, which has been viewed as an important service for at-risk families and effective in reducing the risk for maltreatment.

Another approach to fostering resiliency is to use waivers to help youth exiting foster care improve their future prospects and gain financial independence by saving money through an individual development account (IDA). The federal government could utilize title IV-E funds to establish IDA accounts and the state could draw down the federal funds and provide a match. The federal IDA program and participants would also contribute to the account.

*Fixing the Look-Back Provision.* Waivers could be used in several ways to address the look-back provision. One way to begin testing approaches to fixing the look-back is to create a separate waiver authority on financing reform and allow a limited number of waivers to modify current eligibility requirements for title IV-E foster care payments. HHS could allow for partial waivers for a limited number of states and counties to implement initiatives to address the look-back

provision. This would allow states to test a budget neutral approach to eliminating the look-back. For instance, the waiver could allow states to ignore the look-back for a brief period of time (e.g., first 3 months). The waiver could also allow states to test approaches to streamlining or simplifying eligibility or implementing “presumptive eligibility” policies. One example is to allow states presumptive eligibility for IV-E based on eligibility for food stamps or Medicaid. Savings resulting from reduced administrative services could be reinvested into the system.

*Linking Title IV-E and Medicaid.* A waiver providing limited authority to link title IV-E and Medicaid could be used to enhance health-related services - including mental and behavioral health care - for children and families. A proposal to coordinate services under title IV-E and Medicaid would offer states the local flexibility to implement demonstrations that coordinate the two programs, for the purpose of promoting child health and well-being. It could be used to transfer money from one program to another, modify eligibility requirements, and implement new initiatives among others while maintaining critical program requirements (e.g., budget neutrality, rigorous evaluation, accountability). It would be feasible to link title IV-E and Medicaid given that both use the Federal Medical Assistance Percentage (FMAP) and both are open-ended entitlements. Rather than using limited title IV-E dollars for critical health-related services, such a waiver could be used to provide these vital services, including behavioral health care for children and parents. Moreover, programs could be tailored to provide substance abuse and mental health treatment or other needed health-related services while keeping in mind the goal of making permanency planning more expedient.

To date, child welfare demonstration waivers have been a critical vehicle for promoting flexibility and fostering innovation in child welfare practice as the state level. By reauthorizing the program, Congress can see to it that waivers continue to drive needed change in child welfare practice for years to come. In doing so, we urge Congress to consider modifying title IV-E waivers to incorporate elements of SSA Section 1115 waivers, improving the waiver evaluation requirements and allowing for the implementation of new waiver models.

In closing, Mr. Chairman and members of the committee, First Focus stands prepared to work with you to ensure that child welfare waiver demonstration projects are reauthorized and remain a critical vehicle for promoting flexibility and fostering innovation in practice. We thank you for your leadership in addressing this critical issue, and look forward to working with you to ensure better care for our nation’s most vulnerable children. If you have any additional questions, please contact Shadi Houshyar, VP for child welfare policy at First Focus, at (202) 657-0678.



**Title of the hearing:** Innovations in Child Welfare Waivers: Starting on the Pathway to Reform  
**Date of the hearing:** Thursday, March 10, 2011

Statement for the Record  
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Helping troubled youth and their families find long-term success is the mission of Youth Villages. For over 25 years, Youth Villages has been a leader in providing innovative and effective services for troubled youth and their families. Youth Villages serves children and youth from birth to age 21 with the goal of helping each one of them achieve success in the least restrictive setting, preferably in the home. If a youth must be removed from their home because of emotional or behavioral problems or family situations, our goal is to reunite them with their families or, if that is not possible, help them find permanency, as quickly as possible.

Early on, in order to identify why the organization was seeing some of the same children coming back into our services in Tennessee, Youth Villages engaged in a study of children's services needs in rural West Tennessee. The research revealed that the region's greatest need was intensive in-home counseling. Based on the results of this study, Youth Villages moved away from focusing on congregate care services to intensive in-home services. In 1994, the organization made a mission shift towards keeping children in their own families and providing intensive services to prevent the removal of children and placement into state custody.

Since then, Youth Villages has served over 21,000 children in intensive in-home services and has expanded from only serving Tennessee to now providing services in a total of 10 states and the District of Columbia. The issues these children have presented with include behavioral disorders, emotional disorders and legal issues along with family issues that included mental illness, substance abuse, domestic violence and prior parental abuse. Of the over 19,000 children who have discharged from in-home services since 1994, 83% of the children were still successful, meaning they were living at home or in a home-like environment, at two years post-discharge. This success rate compares to an average success rate of 60% or less for children served in traditional congregate care placements such as residential treatment centers.

In the state of Florida, Youth Villages has had the opportunity to work collaboratively with several of the local, privatized child welfare organizations, known as Community Based Care agencies in implementing the state's Title IV-E waiver. Since 2008, Youth Villages has opened three offices in Florida and is working with local entities to implement our intensive in-home

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Intercept services, identify and serve underserved or 'stuck' populations, and provide them with outcome data to support the impact of the waiver efforts.

As a result of the flexibility afforded by the waiver, intensive reunification and targeted prevention services were given greater focus. Without the award of the waiver, it would have been difficult for Youth Villages to expand its Intercept program in the state to serve the child welfare population. In the two years that Youth Villages has been operating in Florida, we have served over 300 children and families across the Central and Southern regions of the state. Over 70% at six months post-discharge are still living at home or in a home-like environment. **The savings associated with serving these 300 children through Intercept instead of congregate, out-of-home placements amounts to roughly \$23 million dollars** when considering recidivism rates associated with both Intercept and non-Intercept placements.

In addition, Florida would not have had the opportunity to rethink its approach to services in the child welfare system. Though assessment of the waiver in Florida is early, they have seen significant positive impacts on their state. Specifically, since the privatization of its child welfare system and implementation of its IVE waiver, **the number of children served in out-of-home care has been reduced from around 50,000 to 33,000**. In addition to these reductions, the system's financial incentives have been positively realigned, away from removing children from their homes, and towards keeping children safe.

Given the on-the-ground experiences across the states in which Youth Villages provides services, the organization has found that the Title IVE waiver option creates a significant opportunity for states to engage in positive child welfare system reforms, as evidenced in Florida. The overall approach to federal financing for the child welfare system is broken. It is important that we rectify that wrong, but we are all aware of the difficulty and length of time that making those changes will take. States are looking for ways to do things differently now with the same, and in some cases, less funding. These waivers provide states with the opportunity to serve children better, and showcase new and innovative approaches to addressing the unique needs of the children who come to the attention of the state's child welfare system.

Founded in 1986, with a merger of two small residential campuses in Memphis, TN, Youth Villages has grown to become one of the nation's largest private providers of services to youth in the child welfare, mental health, and juvenile justice systems.

With over 2,300 employees in 64 locations throughout Arkansas, Alabama, Florida, Georgia, Massachusetts, Mississippi, New Hampshire, North Carolina, Tennessee, Texas, and the District of Columbia, Youth Villages serves over 14,000 youth each year in residential treatment, community-based contract care facilities, treatment foster care, transitional living services, adoptions, mobile crisis services, in-home services for youth with developmental disabilities, and our intensive in-home services programs, Intercept and Multisystemic Therapy.