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Child welfare is a complex network of programs created to ensure the safety of the most vulnerable children, those who have been abused or neglected or are at risk of abuse or neglect. How these children would fare became a prominent issue during debate over the 1996 welfare law. ANF research documented that concerns about welfare reform's impact on child welfare caseloads were largely unfounded and examined evidence on the collaboration between welfare and child welfare agencies.

The 1996 welfare reform legislation also changed the funding streams for child welfare programs, and ANF provided the first detailed information ever on total federal, state, and local spending for child welfare services. ANF continues to track this financing through national surveys as proposals to reform federal child welfare financing surface and resurface on Capitol Hill. Finally, after the 1997 Adoption and Safe Families Act became the first law to promote kinship care as a “potential permanent placement” for children whose parents can't care for them, we used the NSAF to deepen our understanding of the circumstances of kin caregivers.

What have the implications of welfare reform been for the child welfare system?

ANF case studies and caseload data analyzed shortly after welfare reform took hold showed no evidence that child welfare caseloads increased significantly in welfare reform's wake, as many had predicted. Our interviews with more than 350 child welfare administrators, researchers, supervisors, legislative representatives, and advocates in 13 states found little sign that welfare reform resulted in higher numbers of abused or neglected children.

However, case studies in 2001 did reveal that families involved with the welfare and child welfare systems had some difficulty meeting the requirements of both, as one emphasizes work and the other parental responsibility. (This “dual-system” population struggles with poverty and with child abuse or neglect.) We documented efforts and strategies to increase collaboration between welfare and child welfare agencies in policy, administration, and practice. Visiting county agencies in 12 states, we identified specific examples of collaboration, including joint efforts to create new programs and services to better mesh the unaligned goals of the two systems.

A survey of state TANF directors in 41 states and the District of Columbia found that welfare reform had escalated collaboration between TANF and child welfare agencies. For instance, 31 state TANF agencies provided either written or verbal guidance to local TANF agencies on coordinating TANF work plans with child welfare plans, and 13 states housed TANF and child welfare staff together. Further, several programs addressed the needs of relative caregivers, sanctioned clients, families approaching time limits, and victims of domestic violence.

What are the trends in state child welfare financing?

Because the shift from AFDC to TANF had the potential to alter funding streams to state child welfare agencies (which had received considerable funding through the Emergency Assistance component of AFDC), we decided early on to investigate child welfare financing. Consequently, ANF mounted four financing surveys (in 1997, 1999, 2001, and 2003) of the 50 states and the District of Columbia. These surveys provided the first reliable data that could be integrated to show the full amount of federal, state, and local spending on child welfare services. Along with state and local expenditures, ANF analyzed states’ use of a range of federal funding streams—including dedicated federal funds for child welfare under titles IV-E and IV-B of the Social Security Act, and such nondedicated sources as TANF, Medicaid, and the Social Services Block Grant—for child welfare. We were able to show the steady increase in child welfare spending between 1996 and 2002.

This analysis of child welfare spending since the 1996 welfare reform law and the 1997 Adoption and Safe Families Act (ASFA) highlights that states’ financing of child welfare can change significantly over relatively short periods. This variation results from a complex array of federal and state-specific issues. Caseload differences appear to be a factor but are not the main driver. State priorities and policy choices, federal policy changes and mandates, court decisions and mandates, and efforts to maximize federal resources contribute to the fluctuations. With so many factors at play in so many combinations, even when total spending increases nationally, there will be a wide range of increases and decreases among states.

Total spending on child welfare nationally has increased from each round of the survey to the next at a rate faster than inflation, with the federal share of total spending growing each time. In 2002, total child welfare spending increased to \$22.2 billion—an 8 percent increase since 2000 and a 34 percent increase since 1996. Every level of government increased its spending between 2000 and 2002. Federal and state spending each went up by 7 percent, while local spending (concentrated in California and New York) increased 15 percent. In 2002, federal funds accounted for 51 percent of total spending, state funds for 37 percent, and local funds for 12 percent.

Of all the child welfare activities, spending on adoption increased the most between 2000 and 2002, seemingly spurred by ASFA. Adoption costs are expected to continue to rise as more children are adopted from foster care.

While total spending increased nationally, 14 states saw total spending on child welfare decline. In addition, 16 states saw drops in federal spending, 14 states in state spending, and 5 states in local spending.

Increases in TANF and Medicaid spending for child welfare services accounted for nearly all the rise in federal spending (7 percent, \$748 million) between 2000 and 2002. TANF spending increased 26 percent (\$468 million) and Medicaid spending increased 31 percent (\$254 million) from 2000. Even though title IV-E of the Social Security Act is the open-ended entitlement that reimburses states for a portion of the cost of foster care for eligible children, it is becoming a less important (though still major) source of child welfare funding. There are several possible reasons: Eligibility for title IV-E reimbursement may be declining because it is linked to outdated eligibility rules (a consequence of the complex PRWORA legislation), states may prefer to use TANF over title IV-E because TANF does not require state matching funds, or states may be using all the federal resources available—including Medicaid—to meet the needs of a population with greater physical, mental, and behavioral health needs. Yet, underscoring the state variability that lies behind the national trends, TANF spending declined in 17 states and Medicaid spending declined in 12 states.

What have we discovered about kinship care?

The National Survey of America's Families allowed us to look closely at the 2.3 million children living with relatives without a parent in the home in 2002. The vast majority—1.8 million—had no contact with a child welfare agency, and these children were most likely to go without services. We call those cases *private* kinship care. By comparison, in *public* kinship foster care a child welfare agency places the child with a relative. Although moving in with grandparents or other relatives can ease the trauma of separation, these children are more likely to live in low-income homes and face more economic risks than children in foster placements with unrelated families. We found that over half of all kinship care involves low-income families. In these arrangements, children often live in crowded households with older caregivers, lack health insurance, and, in some cases, don't know where their next meal is coming from.

Kinship care became a focus for child welfare agencies in the early 1990s. Three national ANF surveys showed us that kinship care is defined by policies that vary across states. In addition, case studies examining local kinship care practices in 13 counties in four states found almost unanimous consensus among administrators, supervisors, workers, judges, and kin caregivers that kinship foster parents receive fewer services for the children in their care than non-kin foster parents, despite having greater service needs. The three major reasons are

- workers offer fewer services to kin than to non-kin foster parents;
- kin request fewer services from caseworkers; and
- kin do not know how to find or get services or other community resources.

Nearly all kinship care families—regardless of income—are eligible to receive TANF child-only payments. Relatives caring for a child involved in the child welfare system can receive foster care payments if the child is taken into state custody and the caregivers meet foster care licensing requirements. Yet, only 33 percent of all children in kinship care live in families that receive payments (whether

from TANF, foster care, Social Security, or Supplemental Security) to help cover the child's care. Similarly, nearly all children in kinship care are eligible to receive Medicaid, but only 52 percent of them do.

A number of possible reasons—desire not to be involved with the system, complex procedural requirements—could explain why kin and the children they care for do not receive health insurance and financial benefits for which they are eligible. ANF focus groups suggest that many eligible families simply aren't aware of the programs.

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