



The Impact of Welfare Reform on Child Welfare Financing

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Child welfare services encompass a broad range of activities, including investigating alleged incidents of abuse and neglect, protecting victimized children, supporting and preserving families, and assisting children who must be temporarily or permanently removed from their parents' homes. Child welfare agencies are an integral part of the public social services safety net. They often act as the provider of last resort since state laws assign them legal responsibility for ensuring the safety of all vulnerable children regardless of a family's income or legal status or the cost of services needed.

The landmark welfare reform legislation signed by President Clinton in August 1996 significantly alters this safety net. In replacing Aid to Families with Dependent Children (AFDC) with Temporary Assistance to Needy Families (TANF), the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) removed the entitlement for families with incomes below a certain level to receive financial assistance from the federal government. While it made few changes to federal child protection programs specifically, provisions of the legislation have potentially far-reaching effects on the child welfare system. In particular, it may both directly and indirectly affect the financing of

child welfare services. This brief explores the implications and potential direct effects of the new welfare regulations on the funds available for child protection programs, states' ability to collect federal foster care and adoption assistance reimbursements, and state methods for financing kinship foster care.

PRWORA's Effect on Funds Available for Child Welfare Services

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The federal government, through Titles IV-E and IV-B of the Social Security Act, provides states with funds targeted for child welfare services. Title IV-E is an uncapped entitlement program that reimburses states for a portion of the costs incurred in placing eligible children in foster care and adoptive homes. In FY 1995, federal IV-E expenditures totaled \$3 billion. Title IV-B is a capped entitlement program that provides matching grants to states for a variety of prevention and case management services. In FY 1995, federal IV-B expenditures totaled \$442 million.

During its deliberations over the welfare reform legislation, Congress considered and rejected plans to alter federal funding of child

welfare services by creating a child protection block grant. As a result, Titles IV-E and IV-B *as such* were retained as in existing law. However, PRWORA did make changes in other programs upon which many child welfare agencies rely. Specifically, PRWORA reduced funding for the Social Services Block Grant (SSBG) by 15 percent and abolished the Emergency Assistance (EA) program that existed under Title IV-A of the Social Security Act, rolling the funds for this program into the TANF block grant. Many states have received a windfall of TANF funds due to the new funding formula included in the legislation. States, at least in the short term, may have additional funds available to devote to child welfare services that were funded under EA or to make up for the cut in SSBG.

States may use SSBG funds for a variety of child welfare-related activities, including preventive, protective, foster care, and adoption services. However, little information currently is available on states' use of these funds, since states are not required to provide detailed reports of child welfare-related SSBG expenditures to the federal government. According to data from 23 states collected through the Voluntary Cooperative Information System, in 1990 protective services and substitute care and placement services for children accounted for 24 percent of their SSBG expenditures.¹

Various child welfare-related activities were also allowable under EA, and many states used these funds for family preservation and other prevention programs that attempt to prevent children from being placed outside their homes. However, as is the case for SSBG, states were not required to report to the federal government the amount of EA funds expended on child welfare activities. The Department of Health and Human Services conducted an audit of 11 states' use of EA funds. It projected that these states, which represented 79 percent of all EA expenditures in FY 1994, would use 37 percent of their FY

1995 EA funds for child welfare activities.²

Given the flexibility and relative size of the SSBG and EA programs, they have been particularly important in states' funding of child welfare prevention and case management activities. The only federal funds specifically allocated for these activities are Title IV-B funds. In FY 1995, allocations for SSBG and EA were \$2.8 billion and \$1.6 billion, respectively.³ Even if states used only a small portion of their SSBG and EA funds for child welfare, they likely relied more on these funds than on the \$442

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million available through Title IV-B for prevention and case management services. The HHS audit of EA expenditures projected that the 11 states reviewed would use \$245 million in FY 1995 for prevention and case management services. The reduction in SSBG funds and the block granting of EA funds increase the competition child welfare agencies will face for these funds, potentially affecting a large percentage of the total federal funds currently used for child welfare prevention and case management services.⁴

States' Ability to Collect Federal Reimbursements Diminished

The 1996 legislation may also decrease the funding available to child welfare agencies by reducing the amount of federal reimbursement states are able to claim. Under Title IV-E, the federal government reimburses states for foster care and adoption assistance payments made on behalf of children from families that meet income eligibility requirements

and also for children placed outside the home who are eligible for the Supplemental Security Income (SSI) program. As a result, states will be able to collect federal reimbursement for fewer children, thus forcing states to make payment on behalf of many additional children entirely by themselves.⁵ Three main changes may affect the number of children for whom states can collect federal reimbursement.

First, PRWORA requires child welfare agencies to use 1996 AFDC income eligibility standards to determine if federal reimbursement is due. PRWORA does not include any adjustments to this eligibility standard for inflation. In future years, as prices and incomes rise, fewer families will meet states' 1996 AFDC eligibility standards. Foster care and adoption services for families that do not meet these standards will be funded by the states with no direct support from federal matching dollars.

Second, PRWORA may reduce the number of children who qualify for SSI. For example, it eliminated the Individualized Functional Assessment (IFA) as a method of establishing eligibility. Children who qualified on the basis of IFA results will face recertification on the basis of much more restrictive medical listings. The Social Security Administration estimates that by 2002, 180,000 children who would have qualified under the prior law will be denied SSI. Since SSI eligibility ensures eligibility for adoption assistance, states may lose federal reimbursement for payments made on behalf of these children unless they also meet 1996 AFDC income eligibility standards. In addition, states factor in receipt of SSI when determining foster care and adoption assistance payments to families. Loss of SSI benefits will increase these payments and result in additional state and federal IV-E expenditures.

Finally, states may also lose IV-E reimbursements made to support children who are nonqualified aliens. While PRWORA specifically affirms qualified immigrants' eligibility for the federal portion of foster care and adoption assistance payments, the law

is unclear as to the eligibility of non-qualified aliens for these funds. The law lists the benefits for which non-qualified aliens are ineligible, including “retirement, welfare, health, disability . . . or any other similar benefit for which payments or assistance are provided to an individual household or family eligibility unit by an agency of the United States.” It remains uncertain if foster care and adoption assistance payments will be considered “similar benefits.”

Incentives for Cost Shifting in Financing Kinship Care

While state child welfare agencies face the possibility of losing a significant amount of federal funds through reductions in SSBG, elimination of Emergency Assistance, and changes that will reduce Title IV-E reimbursements, PRWORA may also provide states an opportunity to increase federal funding by cost shifting to programs that still provide a federal match. Kinship care refers to a type of arrangement in which a relative cares for a child requiring placement outside the home of his or her parents. Kinship care can be “formal,” with children in the state’s custody placed with relatives by the child welfare agency. The use of formal kinship care increased by 13 percent nationally from 1980 to 1990.⁷ Moreover, PRWORA directs states to “consider giving preference to an adult relative over a nonrelated caregiver when determining a placement for a child.” However, the large majority of kinship care arrangements are “informal,” with children living in kin arrangements without the state maintaining custody.⁸

Little information is available on the financial assistance provided to kinship providers, either formal or informal. Because children in formal kinship relationships remain in the state’s custody after placement, these kinship care providers generally received some type of financial assistance for caring for a related child

under AFDC. Depending upon state policies and the specific case, formal kinship care providers received an AFDC child-only grant, an AFDC family grant, a foster care maintenance payment, or an alternate type of grant paid by child welfare. Informal kinship care providers may or may not have received any financial assistance from the state in raising a related child; if they did, they most likely received an AFDC child-only grant or an AFDC family grant. AFDC child-only grants were provided to support children eligible for AFDC but living in households in which no adult was eligible. Kinship providers could also apply for family grants or, if already receiving AFDC, obtain an increase in their grant amount to cover the additional cost of caring for a related child.

As shown in table 1, AFDC child-only grants offered states as well as the federal government a cheaper alternative than foster care payments for formal kinship care

that was child-only units without a parent in the household increased from 6.1 to 7.2 percent.¹¹

PRWORA reverses the incentive some states had to support children in kinship care with AFDC child-only grants. Under the new legislation, states will receive the full amount of their child-only grants as part of their block grant. Since TANF funds are capped and federal foster care reimbursements remain uncapped, states may have an incentive to shift kinship care costs for IV-E-eligible children from child-only grants to IV-E foster care payments. This would free up TANF funds that were being spent on kinship care for other TANF-related expenses, which could include child welfare prevention activities.¹² Thus, while states will continue to receive the federal portion of their child-only grants, if states move kinship payments to the foster care payment program, states will also be able to draw down federal matching funds for a portion of their foster care payments.

Since foster care payments are generally greater than child-only grants, kinship providers also benefit from the cost shift. This also means that states would need to increase the amount of state funds used to support kinship care families (this increase represents the state portion of their foster care rate minus the state portion of their TANF child-only rate).

Based on 1995 AFDC child-only expenditure levels, table 3 shows that if states shift their financing of kinship care from TANF child-only grants to IV-E, for every extra dollar states spend, they free up \$.90 on average in TANF funds while increasing the amount kinship providers receive by \$219 per month per child. States with TANF child-only rates close to their foster care rate will have the greatest incentive to shift from child-only grants to IV-E for financing kinship care arrangements, because the new investment these states need to make is smaller. In fact, 27 states would free up more than \$1 in TANF funds for each state dollar invested, and 8 states would free up more than \$2.

If all states wanted and were able to shift their entire caseload of

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providers.⁹ In 1995, on average, a state’s portion of a child-only grant was \$65 less than its portion of a foster care payment; the federal government’s portion of an AFDC child-only grant was, on average, \$103 less than its portion of a foster care payment.

Using 1995 AFDC quality control data, we have estimated the number of child-only grants in which no parent was in the household.¹⁰ As shown in table 2, in FY 1995, states and the federal government spent approximately \$1 billion on these grants in support of over 535,000 children. Increases in both formal and informal kinship care are likely the reason that between 1991 and 1995, the proportion of the total AFDC caseload

Table 1
FY 1995 AFDC Child-Only Grant and Foster Care Payment Amounts

State	AFDC Child-Only Grants			Foster Care Payments ^a		
	Monthly Grant Amount	Federal Portion	State Portion	Monthly Basic Payment	Federal Portion	State Portion
Alabama	\$111	\$78	\$33	\$225	\$157	\$68
Alaska	452	226	226	567	284	284
Arizona	204	134	70	417	274	142
Arkansas	81	60	21	325	239	86
California	299	150	150	410	205	205
Colorado	99	52	47	351	184	167
Connecticut	333	167	167	597	298	298
Delaware	201	101	100	375	189	186
District of Columbia ^b	265	133	133	460	230	230
Florida	180	100	80	321	179	142
Georgia	155	96	59	315	195	120
Hawaii	418	209	209	529	265	265
Idaho	205	141	64	279	192	87
Illinois	102	51	51	369	184	184
Indiana	139	87	52	462	289	173
Iowa	183	118	65	395	253	141
Kansas	267	158	109	328	193	134
Kentucky	162	114	48	293	206	87
Louisiana	72	52	20	348	250	98
Maine	118	75	43	318	201	117
Maryland	165	83	83	540	270	270
Massachusetts	392	196	196	435	218	218
Michigan	276	157	119	407	231	176
Minnesota	250	135	115	450	243	207
Mississippi	60	47	13	260	203	57
Missouri	136	81	54	252	152	101
Montana	92	64	28	370	256	113
Nebraska	222	132	90	394	234	160
Nevada	229	114	114	315	157	157
New Hampshire	414	207	207	353	177	177
New Jersey	162	81	81	309	155	155
New Mexico	231	168	63	339	247	92
New York	352	176	176	439	220	220
North Carolina	181	117	64	365	236	129
North Dakota	110	76	34	355	245	110
Ohio	203	122	81	544	327	217
Oklahoma	92	64	28	360	252	108
Oregon	209	128	81	349	213	136
Pennsylvania ^b	205	108	96	385	204	181
Rhode Island	327	176	151	294	158	136
South Carolina	118	84	34	252	178	74
South Dakota	173	115	58	329	219	110
Tennessee	95	62	33	328	215	113
Texas	64	40	24	476	297	179
Utah	246	180	66	310	227	83
Vermont	409	249	160	445	271	174
Virginia	157	80	76	312	160	152
Washington	349	175	174	366	184	182
West Virginia	149	109	40	400	293	107
Wisconsin	249	148	100	318	190	128
Wyoming	195	116	79	400	239	161
United States	\$207	\$119	\$88	\$375	\$222	\$153

Source: Urban Institute analysis of data contained in the Urban Institute's Assessing the New Federalism state database. Data on foster care from the American Public Welfare Association.

a. Foster care payments are the average of monthly basic payments provided for children ages 2, 9, and 16.

b. Foster care payment data for Pennsylvania and the District of Columbia are from FY 1994.

Note: Totals may not add due to rounding.

TANF child-only grants with no parent in the household to IV-E, the total one-year cost to the federal government would exceed \$1.4 billion. However, a number of legal, financial, and administrative barriers will likely prevent states from transferring a large share of their kinship caseload from TANF child-only grants to foster care payments. States are required to meet a maintenance-of-effort requirement under TANF. Shifting a large segment of their population to IV-E may make it difficult for states to meet this requirement. Since physical removal from the home and a court order for placement are necessary for foster care reimbursement, it is unlikely that states will be able to get foster care payments for the majority of *informal* kinship care arrangements (a transfer in custody alone does not constitute removal of the child from his or her home).¹³ In addition, if informal kinship providers are provided foster care payments, they will be forced to be involved with the child welfare agency and the juvenile courts. State agencies will also incur greater costs for supervising these families.

However, states that are funding *formal* kinship foster care through TANF may be able to shift much of their existing caseload, since these cases will meet the requirements for foster care reimbursement (these cases will have had a change in custody and a court order for placement). There will be no increase in costs or loss of privacy for these families since they will have already been involved with the child welfare system. Some of the financial benefit states could gain from this shift may be reduced if children stay longer in kinship care placements when supported with a foster care payment instead of a child-only grant.¹⁴

States may also have a difficult time approving licenses for some kinship foster care providers. But states are free to change policies and practices affecting new kinship arrangements. It would take some time for all states to change their policies and practices in order to increase the use of foster care reimbursements for kinship providers. However, states with the largest fiscal incentive to shift

from TANF to foster care may try to complete this phase-in period quickly. These barriers and limited information on state policies toward kinship care financing make it difficult to estimate accurately the potential fiscal impact of state efforts to shift kinship care costs from TANF to Title IV-E. The Congressional Budget Office estimated the federal cost of states' efforts to shift from the use of TANF child-only grants to the use of foster care to fund kinship arrangements at \$10 million in 1999, increasing to \$45 million in 2002.¹⁵

Indirect Effects

While this brief reviews the PRWORA changes that will directly affect child welfare financing, it should be noted that many other PRWORA changes will likely affect the child welfare system indirectly.¹⁶ And these indirect effects may have a greater impact on child welfare financing in the long run than the direct effects outlined here. However, the magnitude and nature of the impact of these effects will not be known until PRWORA has been implemented and evaluated.

For example, PRWORA may affect the incidence of abuse and neglect. Research has consistently demonstrated that the best predictor of child abuse and neglect is income. Thus, if PRWORA increases the economic well-being of families, child abuse and neglect will likely be reduced; if families' economic well-being worsens, abuse and neglect will likely increase. Any increase or decrease in the incidence of abuse and neglect would affect child welfare financing.

Another PRWORA change that could have serious implications for child welfare agencies is the lifetime ban on TANF and food stamp benefits to any individual convicted of a felony involving the possession, use, or distribution of a controlled substance.¹⁷ Since a large number of families served by child welfare agencies have substance abuse problems, this provision may make it difficult for substance-abusing parents to obtain the financial resources necessary to care for their children. If child

Table 2
FY 1995 AFDC Child-Only Grants for Units without a Parent

State	Total Expenditures (\$ in thousands)	State Expenditures (\$ in thousands)	Federal Expenditures (\$ in thousands)	Monthly Average Number of Children in Units (in hundreds)
Alabama	\$8,422	\$2,539	\$5,883	87
Alaska	1,948	974	974	4
Arizona	14,961	5,109	9,852	90
Arkansas	3,653	964	2,689	40
California	239,910	119,955	119,955	833
Colorado	5,612	2,669	2,943	46
Connecticut	20,508	10,254	10,254	61
Delaware	4,209	2,090	2,118	21
District of Columbia	10,996	5,498	5,498	49
Florida	49,731	22,001	27,730	328
Georgia	38,803	14,784	24,019	277
Hawaii	8,208	4,104	4,104	22
Idaho	1,297	405	892	8
Illinois	14,343	7,171	7,171	125
Indiana	8,163	3,056	5,108	62
Iowa	6,649	2,379	4,270	32
Kansas	6,226	2,550	3,676	36
Kentucky	10,533	3,128	7,405	75
Louisiana	7,285	2,048	5,237	96
Maine	641	235	406	5
Maryland	19,439	9,720	9,720	116
Massachusetts	24,796	12,398	12,398	65
Michigan	16,948	7,327	9,622	112
Minnesota	7,852	3,618	4,235	30
Mississippi	5,044	1,106	3,938	84
Missouri	15,914	6,356	9,558	115
Montana	1,107	339	768	11
Nebraska	4,929	1,997	2,932	24
Nevada	6,359	3,180	3,180	31
New Hampshire	4,713	2,357	2,357	12
New Jersey	28,162	14,081	14,081	159
New Mexico	4,752	1,289	3,463	25
New York	97,100	48,550	48,550	316
North Carolina	45,359	16,062	29,297	273
North Dakota	818	253	565	7
Ohio	65,158	25,953	39,206	354
Oklahoma	7,651	2,304	5,347	69
Oregon	8,389	3,271	5,118	47
Pennsylvania	38,704	18,218	20,486	188
Rhode Island	2,793	1,289	1,504	10
South Carolina	8,340	2,438	5,902	79
South Dakota	2,194	731	1,462	13
Tennessee	12,888	4,428	8,460	128
Texas	25,144	9,479	15,665	404
Utah	4,660	1,248	3,411	21
Vermont	449	176	274	2
Virginia	23,602	11,478	12,124	147
Washington	34,482	17,175	17,306	101
West Virginia	4,422	1,183	3,240	30
Wisconsin	19,612	7,909	11,702	79
Wyoming	937	378	559	5
United States	\$1,004,816	\$448,203	\$556,613	5,351

Source: Urban Institute analysis of AFDC quality control data.

Note: Totals may not add due to rounding.

Table 3
The Benefit to States through Payment Shifting
from TANF Child-Only Grants to Title IV-E
(Potential Yearly Fiscal Impact on the Federal Government,
States, and Children and Families)

State	Increased State Investment Needed (\$ in thousands)	Potential Increase in Federal Foster Care Expenditures (\$ in thousands)	Federal TANF Resources Freed Up per \$1 of State Investment	Per Month per Child Increase in Assistance Received by Kinship Providers
New Hampshire	\$187	\$2,544	\$12.58	\$26
Utah	864	5,774	3.95	127
Rhode Island	408	1,980	3.69	71
Washington	4,964	22,308	3.49	82
Massachusetts	4,489	16,887	2.76	116
Wisconsin	4,298	18,061	2.72	112
New Mexico	1,420	7,276	2.44	177
Idaho	386	1,743	2.31	136
Alaska	551	1,525	1.77	205
Kentucky	4,709	18,552	1.57	176
South Dakota	944	3,349	1.55	185
Hawaii	2,774	6,878	1.48	213
California	84,840	204,796	1.41	170
New York	34,621	83,171	1.40	183
Iowa	3,057	9,757	1.40	222
South Carolina	4,510	16,821	1.31	164
Alabama	4,506	16,323	1.31	144
Missouri	7,579	20,954	1.26	137
Vermont	221	618	1.24	248
West Virginia	2,671	10,556	1.21	277
Nevada	2,649	5,828	1.20	143
Oregon	4,437	12,061	1.15	201
Nebraska	2,621	6,781	1.12	224
North Carolina	26,261	77,199	1.12	226
Kansas	3,319	8,459	1.11	185
Minnesota	3,836	8,725	1.10	232
Wyoming	555	1,381	1.01	238
Maine	414	1,120	0.98	203
Arizona	10,293	29,698	0.96	278
Georgia	25,157	64,890	0.95	198
New Jersey	15,442	29,523	0.91	162
Pennsylvania	22,672	45,981	0.90	214
Connecticut	11,509	21,763	0.89	316
North Dakota	652	2,020	0.87	256
Arkansas	3,133	11,429	0.86	249
Mississippi	4,639	20,453	0.85	210
Florida	34,032	70,625	0.81	195
Oklahoma	6,684	20,863	0.80	268
Virginia	15,211	28,192	0.80	178
Delaware	2,662	4,815	0.80	210
District of Columbia	7,912	13,410	0.69	272
Montana	1,112	3,287	0.69	283
Tennessee	12,824	32,959	0.66	244
Ohio	65,966	138,859	0.59	390
Michigan	16,248	30,959	0.59	280
Louisiana	9,189	28,739	0.57	284
Indiana	9,737	21,384	0.52	351
Colorado	6,607	10,228	0.45	250
Illinois	20,430	27,601	0.35	273
Maryland	27,816	37,535	0.35	400
Texas	77,446	143,645	0.20	424
United States	\$619,465	\$1,430,288	\$0.90	\$219

Source: Urban Institute analysis of AFDC quality control data.

Note: Totals may not add due to rounding.

welfare agencies are unable to keep substance-abusing families intact, foster care and adoption expenditures will increase.

Summary

While child protection programs escaped block granting as part of the welfare reform legislation of 1996, the new law has the potential to affect child welfare financing dramatically. Given the 15 percent reduction in SSBG funds and the incorporation of the EA program within the TANF block grant, state child welfare agencies will likely face greater competition for the resources they have received from these sources in the past. Child welfare prevention activities may be affected most of all since these two funding sources account for a large portion of the federal funds available for this purpose. Indeed, it appears that states rely more on these discretionary block grants than on funds directly targeted for child welfare services to fund prevention and case management services. States may also face reduced federal reimbursement for foster care and adoption assistance payments due to changes in the SSI program and the failure of PRWORA to adjust the eligibility criteria for IV-E reimbursement for inflation.

Meanwhile, states may be able to increase federal foster care funds by changing the way they finance kinship care. Since TANF funds are block-granted and IV-E remains an open-ended entitlement program, states may have a financial incentive to shift their financing of IV-E-eligible kinship foster care from TANF child-only grants to IV-E foster care payments. This shift would require additional state investment but would free up significant TANF funds. In fact, in more than half the states, the amount of TANF money freed up would be more than the additional state investment needed. This potential shift would also benefit kinship care providers financially, as they would, on average, receive an additional \$219 per month per child. While a variety of legal, financial, and administrative barriers will likely prevent states from transferring a large share of their infor-

mal kinship caseload, states that are using TANF child-only grants to fund formal kinship care arrangements should have less difficulty in financing these families through Title IV-E.

Notes

1. U.S. House of Representatives, Committee on Ways and Means, *1996 Green Book*, 1996.

2. Department of Health and Human Services, Office of Inspector General, "Review of Rising Costs in the Emergency Assistance Program," report no. A-01-95-02503, October 1995.

3. U.S. House of Representatives, *1996 Green Book*.

4. The other main source of federal funds for child welfare prevention and case management services is Medicaid. Currently, little information is available on states' use of Medicaid for child welfare services. Under AFDC, all recipients were automatically eligible for Medicaid. PRWORA severed this automatic link and provided states with increased flexibility in determining eligibility for Medicaid. If states' policies reduce the number of children eligible for Medicaid, child welfare agencies will be less able to rely on Medicaid to fund preventive and case management services.

5. Since states are legally obligated to ensure the safety of children, states must serve all children in need regardless of federal reimbursement.

6. Prior to TANF, few states adjusted AFDC eligibility to keep up with inflation. In addition, if states change their TANF income eligibility level so that fewer families become eligible, the number of children for which states could otherwise claim reimbursement would increase, since eligibility for IV-E is tied to 1996 AFDC standards.

7. Edmund S. Muskie Institute of Public Affairs, University of Southern Maine, "Kinship Care in America," 1995.

8. Rebecca Clark, Allen Harden, and Karen Maguire. "Informal and Formal Kinship Care," U.S. Department of Health and Human Services, Office of

the Assistant Secretary for Planning and Evaluation, June 1997.

9. Some states provided foster care payments to formal kinship families if they could meet the same licensed standards used for unrelated foster parents. In these states, relatives who did not meet these standards could get assistance only from the welfare department (i.e., an AFDC family or child-only grant). See Lynn Craig and James Gleeson, "Kinship Care in Child Welfare: An Analysis of States' Policies," *Children and Youth Services Review*, 1994.

10. The data exclude child-only grants in which the parent is in the household but in another AFDC unit or is not eligible for AFDC (e.g., due to sanction). Kinship care providers who are themselves poor may receive a family grant that includes assistance for a related child. AFDC quality control data cannot be used to provide an accurate measure of the number of family grants in which no parent is in the household. Thus, the data on child-only grants with no parent in the household represent only a fraction of those kinship families receiving some kind of assistance from the state.

11. Based on Urban Institute cross-tabulations of AFDC quality control data.

12. States can use TANF funds for family preservation and other emergency assistance services. They can also transfer TANF funds into SSBG, which would allow them even greater flexibility in allocating these funds for child welfare prevention activities.

13. Department of Health and Human Services, Children's Bureau, "Policy Interpretation Question," ACYF-PIQ-87-04, 1987.

14. Berrick and Needell found that, in California, children supported with foster care payments were more likely to stay in care longer and to reenter care than children supported through child-only grants. See Jill Duerr Berrick and Barbara Needell, "Kinship Foster Care in California: Payment Levels and Outcomes," conference paper presented August 14, 1997.

15. Congressional Budget Office, *Federal Budgetary Implications of the*

Personal Responsibility and Work Opportunity Reconciliation Act of 1996, December 1996. CBO assumed that states will not be able to transfer any of their existing kinship care caseloads and that no more than 30 percent of states' future child-only caseloads could be funded by foster care since a court order to remove a child is necessary to claim foster care reimbursement. The CBO estimate is also based on the assumption that it will take four years for all states to change their policies and practices to take advantage of foster care reimbursements for kinship providers. The estimate includes the anticipated increase in foster care payments as well as the administrative costs associated with making these payments (estimated at 25 percent of the total). Based on phone conversation with author.

16. For a discussion of the potential overall impact of PRWORA on child welfare, see Jane Knitzer and Stanley Bernard, "The New Welfare Law and Vulnerable Families: Implications for Child Welfare/Child Protection Systems," *Children and Welfare Reform*, Issue Brief 3, National Center for Children in Poverty, 1997; Mark Hardin, "Sizing Up Welfare Reform's Impact on Child Protection," *ABA Child Law Practice*, vol. 15, American Bar Association, 1996; "Child Welfare in the Context of Welfare Reform," Cross-National Studies Research Program, Columbia University School of Social Work, 1997.

17. States have the option to pass legislation to opt out of this provision or to limit the period of prohibition of TANF and food stamp benefits. As of the publication of this brief, 4 states had passed legislation to opt out of this provision, and at least 20 others had passed legislation modifying the requirement.



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