

# Title IV-E Funding

## *Funded Foster Care Placements by Child Generation and Ethnicity*



FINDINGS FROM TEXAS

THE URBAN INSTITUTE 

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**T**itle IV-E of the Social Security Act is the primary source of dedicated federal child welfare funding to states (Scarcella et al. 2006). This funding stream allows states to apply for and receive federal matching funds for the following child welfare activities: adoption assistance, foster care maintenance payments, short- and long-term training, administrative expenditures, and costs of required data collection systems (HHS 2005). In 2004, IV-E was funded at \$5.8 billion (Scarcella et al. 2006). However, Title IV-E does not subsidize all children in the care of the state; rather, eligibility is determined by a number of criteria, including immigration status and income eligibility. States are required to use their own funding to pay for children who are not Title IV-E eligible.

### KEY FINDING

*In Texas, only 5 percent of Latin American immigrants in out-of-home care are eligible for Title IV-E reimbursement, compared with over 50 percent of U.S.-born children.*

immigrant children from Latin America were determined to be IV-E eligible less often than other children in the child welfare system, likely owing to their immigrant status based on federal law.

### About the Series

The *Identifying Immigrant Families Involved with Child Welfare Systems* series provides estimates of first- and second-generation immigrant children in out-of-home care and describes the experiences of these children in state child welfare systems. This brief compares four groups of children living in out-of-home care in Texas: Latin American immigrants, Latin American children of immigrants, Hispanic natives, and non-Hispanic natives. Latin

American immigrants—often called “the first generation”—( $n = 200$ ) are children born in Mexico, Central or South America, or the Caribbean who have immigrated to the United States. These children are distinguished from Latin American children of immigrants—“the second generation”—( $n = 1,697$ ) who were born in the United States and had at least one parent born in Mexico, Central or South America, or the Caribbean. Nearly 90 percent of the children we identify as Latin American immigrants or children of immigrants are from Mexico or have parents from Mexico. Natives are children with at least one parent born in the United States and no foreign-born parents. We identify Hispanic and non-Hispanic natives ( $n = 6,589$  and  $n = 11,920$ , respectively).<sup>1</sup> We do not identify non-Hispanic immigrants or other children of immigrants because their numbers in the data are too small for reliable analysis.

One key factor to note: we find evidence of underrepresentation in the child welfare system for the two Latin American populations. Latin American immigrants represent approximately 1 percent of all children in care, but they made up 7 percent of all children in Texas in 2005. Similarly, approximately 8 percent of all children in care are Latin American children of immigrants, who made up nearly 20 percent of all children living in Texas in 2005.<sup>2</sup> This underrepresentation for both groups of Latin American children could have implications for our findings, which we discuss later in the brief.

Third-generation Hispanic children (children of native-born Hispanics), on the other hand, are *overrepresented* in the child welfare system. While approximately 33 percent of the children in care in Texas are Hispanic natives, they only represent 22 percent of all children in Texas.<sup>3</sup>

While immigrant children are underrepresented in the Texas child welfare system, the number of Latin American immigrants increased 178 percent from 1980 to 2005, and the number of Latin American children of immigrants increased 240 percent. These increases suggest more Latin American immigrants and immigrants’ children will come into contact with Child Protective Services.<sup>4</sup>

## Significant Differences in Title IV-E Eligibility by Child Nativity

In our analysis of children in out-of-home care, we examine the percent of children Texas determined were Title IV-E eligible. The state found nearly 60 percent of the children in its care Title IV-E eligible, but there were significant differences based on nativity status. For instance, only 5 percent of Latin American immigrants were Title IV-E eligible (figure 1). In stark contrast, more than 50 percent of Latin American children of immigrants and children of natives were Title IV-E eligible. Among Latin American children of immigrants and children of natives, however, IV-E eligibility differed significantly based on parental nativity and ethnicity. Texas determined 6 to 7 percent fewer non-Hispanic natives to be Title IV-E eligible than Latin American children of immigrants and Hispanic natives.

## Possible Reasons for Differences

Federal eligibility criteria for Title IV-E likely drive most differences by ethnicity and nativity status in the share of children determined eligible for Title IV-E reimbursement.

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 changed the eligibility criteria for Title IV-E receipt in a way that directly affects how states interact

with immigrant families. In short, the changes require states to determine a child's immigration status. If the child is a "qualified alien"—a legal permanent resident, refugee, asylee, Cuban or Haitian entrant alien who has been battered or subjected to extreme cruelty, or an alien whose deportation is being withheld or who has been granted conditional entry—the child can be eligible for IV-E reimbursement (PRA, Sec. 431, 8 U.S.C. § 1641). Many Latin American immigrant children in care are likely unable to prove that they are qualified aliens, as approximately 70 percent of all Latin American-born children in Texas are undocumented.<sup>5</sup> Difference in citizenship status is therefore the likely reason for the difference in Title IV-E eligibility.

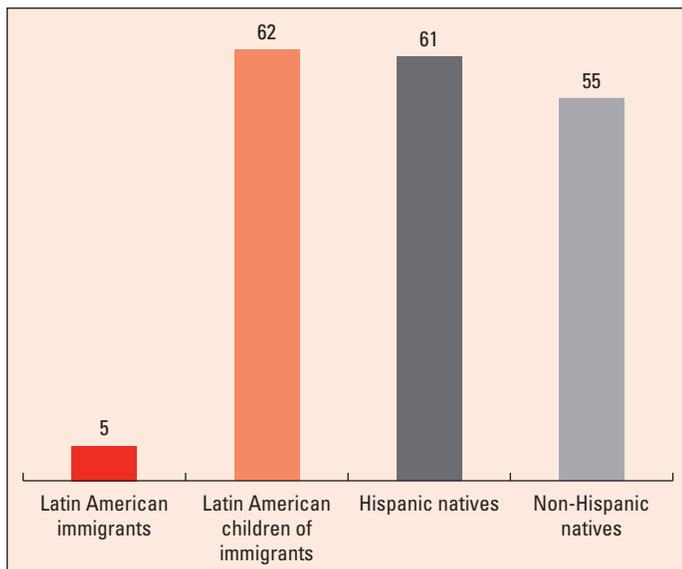
As for the difference in Title IV-E eligibility between second- and third-generation Latin American immigrants and Hispanic natives, the likely explanation is family income. Title IV-E eligibility is also based on the child's family's Aid to Families with Dependent Children income eligibility as of 1996. For a child to be considered income-eligible, the child's family must not have an income higher than the threshold set in 1996 for their particular family size. In 2005 in Texas, 13.5 percent of non-Hispanic families with children under the age of 18 had incomes below the federal poverty level; this was less than half the poverty rate for Hispanic families with children (31.1 percent).<sup>6</sup>

## Implications

Title IV-E eligibility by nativity status has implications for state funding because when a child is ineligible for Title IV-E the state must bear the total burden of the cost of care for that child. If more Latin American immigrant children come into the system, Texas could be responsible for a greater share of total child welfare system financing. Further, it is unlikely that Texas will be able to collect reimbursement from undocumented immigrant families to cover the cost of the child's out-of-home care, and nearly half of Latin American immigrant parents in Texas are undocumented. As the immigrant population grows, Texas could face decreasing revenues to pay for out-of-home care expenses. Given the increase from 1980 to 2005 in the total number of Latin American immigrant children living in Texas, it is likely that the system will experience growing fiscal challenges.

Although immigrant children may come into care and not be Title IV-E eligible because of their immigrant status, they may in some cases be able to change their status. Since 1990, federal law has allowed undocumented children that are under the jurisdiction of a court for issues of dependency, delinquency, or guardianship to be granted Special Immigrant Juvenile Status (INA 101(a)(27)(J), 8 USC 1101(a)(27)(J)). This designation permits the child to become immediately eligible to file for legal permanent residency in the United States (INA 245(h), 8 USC 1255(h)). Despite the fact that SIJS is an option, there is no solid research on how well this option has been implemented in Texas or elsewhere.

FIGURE 1. Title IV-E-Eligible Texas Children Living in Out-of-Home Care, March 31, 2006 (percent)



Source: Urban Institute tabulations of Texas child welfare administrative data (March 31, 2006) and Texas birth certificate administrative data (April 1988–2004).

Notes: Estimates do not include children born after December 31, 2004, born outside the United States in a non-Latin American country, or born out of state, and all children not matched with vital statistics records. All differences between groups are significant at the 95% confidence level except the difference between Latin American children of immigrants and Hispanic natives.

Nevertheless, it provides an avenue for immigrant children to achieve permanent resident status, which would allow the state to seek Title IV-E reimbursement for that child.

## Data and Methodology

We linked Texas vital statistics data from birth certificate records (all births from April 1988 through December 2004) to Texas child welfare administrative data (all children in care of the state as of March 31, 2006). This link with vital statistics data was necessary to determine whether children in out-of-home care had foreign-born parents. With data on parental nativity, we were able to determine whether the children were second-generation immigrants or children of natives. Immigrant children were already identified in the child welfare administrative data.

We use two methods of linking records. The first method uses a probabilistic-matching software, LinkageWiz version 4.1,<sup>7</sup> which allows for exact and phonetic/near matches across a range of numeric and character variables. Once LinkageWiz matched cases, we undertook a second round of linking records based on our review of the LinkageWiz output. Using this output, we established additional linking rules and adjusted the cutoff thresholds to determine appropriately matched cases.

Using LinkageWiz and our matching strategy, we achieved a high match rate between the child welfare administrative data and the vital statistics administrative data—92 percent (child welfare file N = 22,419; matched file n = 20,658). The denominator in the match rate excludes two groups of cases that we were unable to match because they were not in our vital statistics files: (1) children born after 2004 (2,906) and (2) children born out of state (2,376). In developing our matching rules, we also took care to exclude as many false positives as possible.

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## Notes

1. When both parents are listed in the vital statistics records but one is missing nativity status, the generation/ethnicity of the child was based on the parent whose information was available.
2. From Urban Institute tabulations of the 2005 Current Population Survey (CPS) Annual Social and Economic Supplement.
3. From Urban Institute calculations of the 2005 CPS.
4. From Urban Institute tabulations of the 1980 Census Integrated Public Use Microdata Sets and 2005 CPS.
5. From Urban Institute tabulations of the 2005 CPS augmented with assignments of legal status to noncitizens.
6. From the 2005 American Community Survey, American FactFinder, U.S. Census Bureau.
7. LinkageWiz Software. *LinkageWiz User Manual Version 4.1*, June 2004. Available at <http://www.linkagewiz.com>.

## References

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