

A new federal law changes child welfare system financing as we know it

TAKEAWAYS

FFPSA allows federal funding to be spent on services that help families to stay together and out of the foster care system.

Under FFPSA, funds may support families' substance abuse treatment and mental health services.

FFPSA limits federal funding for group homes and other congregate care placements.

Model licensing standards for placement in a relative foster family home will be established by October 1, 2018.

States are required to develop statewide plans to prevent child abuse and neglect fatalities.



**Institute for
Research on
Poverty**

UNIVERSITY OF WISCONSIN-MADISON

irp.wisc.edu | irpinfo@wisc.edu

A sea change in child welfare financing occurred with little fanfare in February 2018 when legislation aimed at increasing the flexibility for states to use federal child welfare funds to support child maltreatment prevention was signed into law as part of the Bipartisan Budget Act of 2018.¹ Among other changes, the Family First Prevention Services Act (FFPSA) allows the use of federal funding for services to help families in crisis stay together. In the past, the largest federal funding source for child welfare agencies (Title IV-E of the Social Security Act) could not be used for prevention and intervention programs such as mental health services and substance abuse treatment—two common reasons for a child's removal. In contrast, the new law allows (and promotes) the use of Title IV-E funds for evidence-based programs aimed at keeping families intact. This brief describes the FFPSA, child welfare experts' and state officials' reactions to it, and its implementation timeline.

Family First Prevention Services Act firsts

The FFPSA reforms federal child welfare IV-E funding streams to allow states to provide families at risk of entering the child welfare system with up to 12 months of mental health services, substance abuse treatment, or in-home parenting training. This is a departure from the longtime practice of limiting IV-E funding to services provided only after a child's removal and covering prevention services through several smaller federal funding sources (e.g., Child Abuse Prevention and Treatment Act and Promoting Safe and Stable Families, PSSF). Further, the law matches state expenditures for evidence-based prevention services with federal funding rather than being limited to a set amount, as with block grants.

What does the FFPSA stipulate?

- Defines *qualified candidates* for prevention services as children who are at-risk of entering foster care but are deemed safe to remain at home or in kinship care if services are provided; children in foster care who are parenting; or, parents or caregivers in need of services to prevent entry into out-of-home care.
- Requires that services be trauma informed and evidence based, according to standards modeled after those used by the California Evidence-Based Clearinghouse for child welfare.²
- Eliminates the time limit for family reunification services funded under the PSSF program, which may be too brief to allow parents to meet reunification requirements (for example, treatment for opioid misuse is lengthier than that for other drug and alcohol misuse).
- Limits federal funding for group homes (previously there were no funding limits) and limits the amount of time a child without mental health or behavioral needs can spend in a group home.
- Requires states to implement an electronic interstate case processing system to expedite interstate placements of children in foster, guardianship, or adoptive homes (the federal government will provide implementation funding).
- Reauthorizes Regional Partnership Grants, which assist abused and neglected children and their families who are affected by methamphetamine and other substance use disorders through a competitive grant program to help states, tribes, and communities to improve practice and policy to facilitate optimal family outcomes.³
- Directs the Administration for Children and Families, in the U.S. Department of Health and Human Services, to establish model licensing standards for placement in relative foster family homes by October 1, 2018.
- Requires states to develop a statewide plan to prevent child abuse and neglect fatalities.

What are child welfare experts saying about the changes?

Patrick McCarthy, President and Chief Executive Officer of the Annie E. Casey Foundation: "The Family First Prevention Services Act is a piece of legislation for which hundreds of organizations focused on the well-being of children, and both Democratic and Republican lawmakers, have expressed support. On behalf

of the Annie E. Casey Foundation, I am pleased to join with many others in applauding Congress for acting in a way that will keep more families together.”⁴

Marian Wright Edelman, President of the Children’s Defense Fund: “FFPSA is one of the big rainbows in the political clouds for children.”⁵

Nick Hart and Tim Shaw, analysts for the Bipartisan Policy Center, in commenting on the budget deal noted that FFPSA activities are, “long-favored by the evidence-building community.”⁶

Richard Wexler, Executive Director of the National Coalition for Child Protection Reform (NCCPR), cautions that FFPSA “changes will barely make a dent in a system that lavishes billions of federal dollars on foster care, and far less on efforts to keep children safely in their own homes.” Wexler notes that the Congressional Budget Office estimates that the law will add only \$130 million per year in prevention funding, an increase equivalent to less than 3 percent of federal spending on foster care.⁷

Kristina Rosinsky, Research Scientist of Child Trends: The FFPSA “represents a game-changing modification to the child welfare financing landscape that prioritizes keeping children with their families. The rules and restrictions that come with funding streams are important because they dictate what services are available to the millions of children annually referred to child welfare agencies for maltreatment allegations.”⁸

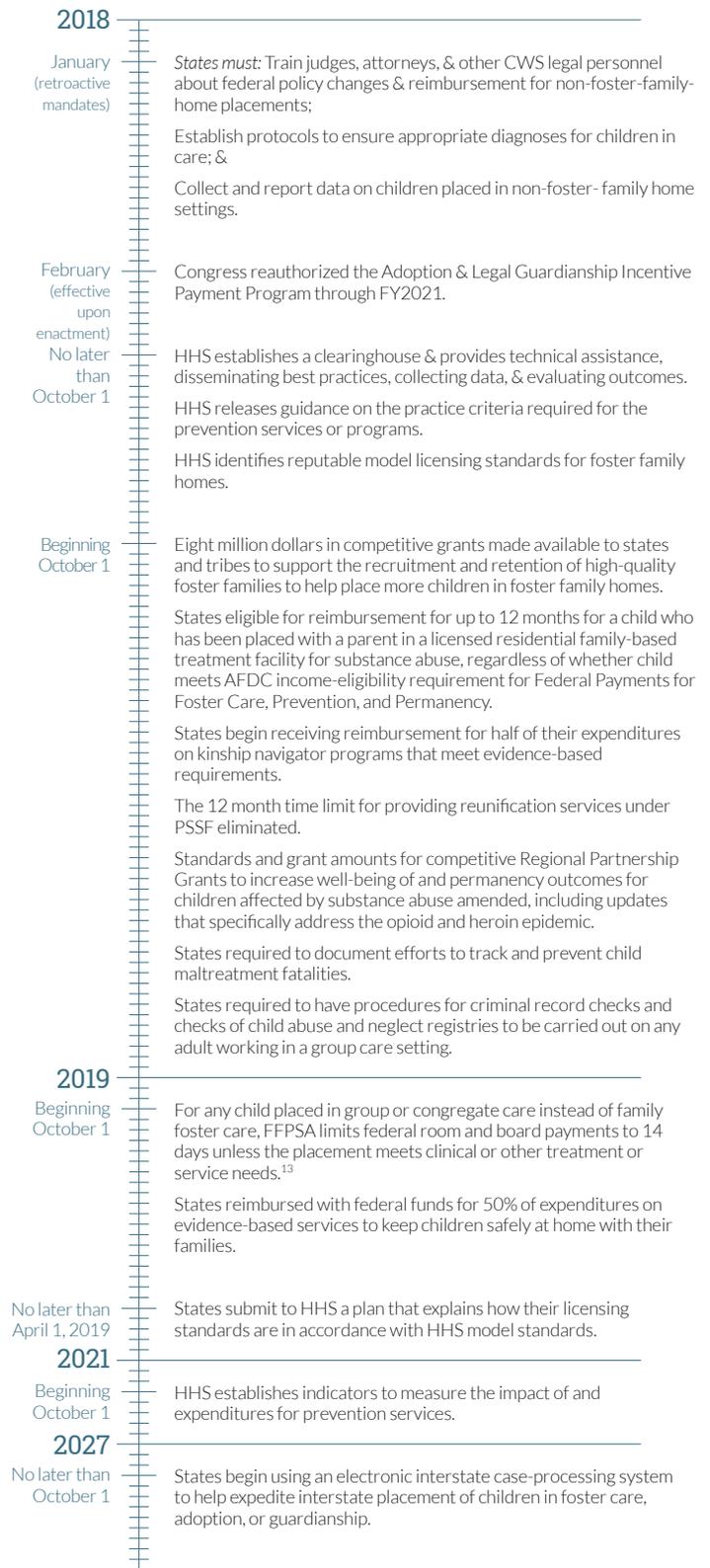
Although most child advocates approve of FFPSA overall, many of them are concerned about two big caveats related to prevention funding:

1. Some states may not provide prevention services allowed under the FFPSA because they will not have state matching funds and/or state-level funding authority; and
2. States may have difficulty finding an evidence-based program to implement. For instance, it is likely that there are no programs to assist kinship caregivers that currently meet the FFPSA evidence standards.

What are states—charged with complying with FFPSA—saying?

To finance the new prevention services, Congress wants to reduce funding for group homes, which are considered suboptimal for most children (with the exception of those requiring a qualified residential treatment program for mental health, behavioral, or other related needs). This has some state officials concerned whether there will be an adequate supply of foster homes. That’s because FFPSA’s new requirements will be implemented on the heels of recent increases in foster care caseloads. Indeed, the number of children in foster care increased by 11 percent between 2012 and 2017, and half of states have lost foster placement capacity. A recent Chronicle of Social Change nonprofit news site study found a nationwide shortage of foster families.⁹ Restricting group home placements increases demand for foster family homes since there will be fewer alternatives for which states may use federal funds. Carl Ayers, family services director for the State of Virginia’s Department of Social Services, remarked, “You don’t just go out and create a whole new set of foster homes that you haven’t had available before.”¹⁰ Sheila Poole, acting commissioner of New York’s Office of Children and Family Services, expressed further concern that the new group home rules will “significantly reduce a state’s flexibility to determine the most appropriate placement and the likelihood of receiving sufficient federal funding for youth in care.”¹¹ ■

FFPSA implementation timeline: Major milestones¹²



For sources and more information, go to www.irp.wisc.edu/resource/a-new-federal-law-changes-child-welfare-system-financing-as-we-know-it/

A new federal law changes child welfare system financing as we know it

ENDNOTES

¹*Fast Focus* has a new look. Thanks to Riley Tsang and Dawn Duren for their work on the redesign.

²Visit the California Evidence-Based Clearinghouse for Child Welfare at <http://www.cebc4cw.org/>.

³To learn more about Regional Partnership Grants, see the National Center on Substance Abuse and Child Welfare at <https://ncsacw.samhsa.gov/technical/rpg-i.aspx>.

⁴P. McCarthy, “Family First Prevention Services Act Will Change the Lives of Children in Foster Care,” blog, February 12, 2018. Available at <http://www.aecf.org/blog/family-first-prevention-services-act-will-change-the-lives-of-children-in-f/>.

⁵M. W. Edelman, “Big Rainbows in the Political Clouds for Children: Some Really Really Good News,” Child Watch Column, Children’s Defense Fund, February 9, 2018. Available at <http://www.childrensdefense.org/newsroom/child-watch-columns/child-watch-documents/big-rainbows.html>

⁶N. Hart and T. Shaw, What the Budget Deal Means for Evidence-Based Activities, Bipartisan Policy Center, February 8, 2018. Available at <https://bipartisanpolicy.org/blog/what-the-budget-deal-means-for-evidence-based-activities/>.

⁷R. Wexler, “A Plan for Real Reform of Child Welfare Finance—From an Unlikely Source,” opinion, Youth Today, February 20, 2018. Available at <https://youthtoday.org/2018/02/plan-real-reform-child-welfare-finance-unlikely-source/>.

⁸K. Rosinsky, “Family First Act Changes Child Welfare Financing Landscape,” Child Trends blog, March 6, 2018. Available at <https://www.childtrends.org/family-first-act-changes-child-welfare-financing-landscape>.

⁹The Chronicle of Social Change, “The Foster Care Housing Crisis,” (n.d.). Available at <https://chronicleofsocialchange.org/wp-content/uploads/2017/10/The-Foster-Care-Housing-Crisis-10-31.pdf>.

¹⁰J. B. Wogan, “The Revolutionary Foster Care Law Buried in February’s Federal Spending Deal,” *Governing the States and Localities*, May 15, 2018. Available at <http://www.governing.com/topics/health-human-services/gov-family-first-foster-care-child-welfare-congress.html>.

¹¹Quoted in “The Revolutionary Foster Care Law.”

¹²For explication of effective dates, see U.S. Department of Health and Human Services, Administration for Children and Families, *Information Memorandum* on “New Legislation – Public Law 115-123, the Family First Prevention Services Act,” April 12, 2018. Available at <https://www.acf.hhs.gov/sites/default/files/cb/im1802.pdf> within Division E, Title VII of the Bipartisan Budget Act of 2018.

¹³E. Stoltzfus, Family First Prevention Services Act, CRS Insight, February 9, 2018. Available at <https://fas.org/sgp/crs/misc/IN10858.pdf>. See also, U.S. Department of Health and Human Services, Administration for Children and Families, Children’s Bureau, *A National Look at the Use of Congregate Care in Child Welfare*, May 13, 2015, which notes: “Of the approximately 51,000 children age 13 and older who entered foster care in 2008, about half (25,535) entered congregate care at some point. These older youth comprise 69 percent of the children in congregate care. Among those, more than 4 in 10 entered due to a child behavior problem and no other clinical or mental disability” (p. iii). Available at https://www.acf.hhs.gov/sites/default/files/cb/cbcongregatecare_brief.pdf.