



De-Linking Provision Will Result in New Child Welfare Funds

by Jennifer Miller, ChildFocus, and Mary Boo, NACAC Assistant Director

In addition to improving the adoption incentive program, the Fostering Connections to Success and Increasing Adoptions Act of 2008 fixed a longstanding problem—referred to as the AFDC link—with the federal adoption assistance program. The law also dictates that state funds saved as a result of this fix be reinvested in child welfare services, creating an opportunity for states to improve services for vulnerable children. And unlike adoption incentives, which benefit only states that increase adoptions, all states should benefit from reinvestment funds.

Adoption Assistance De-Linking Provision

Since 1980, eligibility for Title IV-E foster care and adoption assistance was, for most children, linked to their birth parents' qualification for the now defunct Aid to Families with Dependent Children (AFDC) program. This limit on federal support created two problems:

- Because the link, since 1997, remained tied to 1996 income levels, the IV-E qualifying income test has been harder and harder to meet. According to The Pew Charitable Trusts, approximately 5,000 fewer foster children are Title IV-E eligible each year.
- Certain states operate separate adoption assistance programs for non-IV-E children, and some of those programs provide less support than the federal program. State-only programs are also more vulnerable to state budget cuts.

Between this fall and 2018, Fostering Connections will eliminate the link between IV-E eligibility and birth par-

ent income. Beginning October 1, 2009, newly adopted children who have been in care for at least five consecutive years or who are 16 or older will be IV-E eligible, as long as they meet their state's definition of special needs and other eligibility requirements.¹ Children placed with siblings who qualify due to age or length of time in care will also be eligible.

Eligibility will be phased in by age,² with children 14 and older covered in 2011, 12 and older in 2012, 10 and older in 2013, and so on by two-year increments until children of all ages are covered in 2018.

Maintenance of Effort Requirement

As federal adoption assistance eligibility expands, states will save money previously spent on state-based assistance programs. Fostering Connections' Maintenance of Effort (MoE) requirement mandates that states reinvest these savings in Title IV-B or IV-E child welfare services.

Planning for State Implementation

Although savings will not begin to be realized until 2010, state administrators, policymakers, and advocates can prepare for implementation now by:

- gathering data to project the number of children who will be newly eligible for the federal program, and estimating the savings that will result; and
- planning how saved dollars can be reinvested into child welfare services to improve permanency outcomes.

¹ Most children are deemed ineligible for IV-E due to their birth parents' income. Some are ineligible because required judicial determinations were not made within set timelines.

² Children become eligible if they turn that age any time during the fiscal year.

Projection Data:

Key Questions to Consider

To determine how much money each state will save and have to reinvest, administrators and advocates need answers to the questions below:

- **How many children are in the state's non-IV-E adoption assistance program due to birth parents' income, and at what cost?** States that are covering large numbers of children in state-only programs can expect that, by 2018, they will have significant funds to reinvest as increasing numbers of children merit federal coverage.
- **How old are the children currently funded through the state-only adoption assistance program because of income eligibility?** By looking at their history of placing children at different ages, states can see how quickly MoE dollars will be available as younger children gain eligibility.
- **How many waiting children of what age are not IV-E eligible due to their birth parents' income? How many of these children have been continuously in care for 60 months?** These data will show how many children, if adopted, might benefit from de-linking.
- **What other variables might affect the amount of MoE funding available?** The state's success at placing non-IV-E children for adoption, the number of children receiving special adoption subsidy rates, the duration of adoption assistance payments, and the federal matching rate all influence the amount of money states can save and reinvest.

The chart at right shows the data states must collect to quantify the likely influx of MoE monies. Visit www.nacac.org/policy/MoEBriefJuly09.pdf to download an issue brief with state-level data for 2007, or ask your public child welfare agency to provide more up-to-date figures.

The estimate might be *understated* if:

- Many children receive a state-funded specialized adoption assistance rate.
- Youth who turned 18 still receive adoption assistance.
- The state's FMAP is higher than 60.
- More children are adopted than in the past (due to targeted recruitment or enhanced post-adoption services).

This estimate might be *overstated* if the state's FMAP is under 60, or if a large percentage of children are non-IV-E eligible for reasons other than income.

In either case, savings will grow exponentially as younger children become eligible and previously adopted children continue to receive assistance. States that will benefit the most are those with the highest percentage of children who are not IV-E eligible (see charts on next page).³

MoE Reinvestment:

Key Questions to Consider

Guided by the following questions, states should plan now what services will be funded with state MoE reinvestments:

1. **Who should participate in decisions about how to reinvest MoE funds?** NACAC believes the planning process should involve state and local administrators, private agencies, parents, and youth.
2. **What child welfare services need additional investment?** States must decide if they should increase funding for existing programs that are underfunded or start new programs.

Sample of State Savings from De-Link in 2010 & 2011

	2010	2011
Number of children waiting to be adopted	1,000	950
Number of waiting children with special needs, not IV-E eligible due to income (<i>assumes 50% are not IV-E eligible*</i>)	500	475
Of the previously non-IV-E waiting children:		
Number newly eligible by age (<i>16+ for 2010, 14+ for 2011</i>) (<i>10% of non-IV-E children in 2010 and 20% in 2011*</i>)	50	95
Number in care 60 months or longer not in the above age group (<i>assumes 16% of all waiting children have been in care 60 months or more; 75% of those are <16 and 50% are < 14*</i>)	60	38
Number of siblings in the above two categories who are not otherwise eligible by age or length of time in care	30	35
Total number of children newly eligible (<i>total of three numbers above</i>)	140	168
Percentage of newly eligible children adopted (<i>national data shows roughly 11% of older children and 23% of longer-waiting children are adopted*; for siblings we estimated 15%</i>)	18%	20%
Total adopted (<i>percentage multiplied by the number eligible</i>)	25	34
Annual cost of adoption assistance payments (<i>\$600/mo or \$7,200/yr per child adopted</i>)**	\$180,000	\$244,800
Annual savings (<i>based on Federal Medical Assistance Percentage [FMAP] of 66 percent in 2010*** and 60 percent in 2011</i>)	\$118,800	\$146,880
Savings in 2011 for youth adopted in 2010 who still receive adoption assistance (<i>assumes 15% of those 16+ turned 18 in 2011, and no longer receive assistance</i>)****		\$91,800
<p>* These percentages are derived from national estimates based on 2007 AFCARS data. ** Amounts will vary based on the state's average monthly adoption subsidy payment. *** FMAP increased by 6 percent through the American Recovery and Reinvestment Act. **** A portion of each year's savings is carried forward while children continue to receive adoption assistance. A state that extends assistance past 18 will realize greater savings.</p>		
TOTAL SAVINGS OVER TWO YEARS = \$357,480		

³ Charts on page 3 are based on data from the 2007 AFCARS Foster Care File. Data varies from year to year, and state circumstances may have changed. Non-IV-E children are those for whom a IV-E payment was not recorded (though not all such children will be officially non-IV-E).

To promote permanency, enhanced funding in these areas would be especially beneficial:

- post-permanency services to keep adoptive, guardian, and reunified families together.
- activities that support adoptions, including targeted recruitment, pre-adoption counseling, timely completion of home studies, and legal support to finalize adoptions.

3. **What will federal guidance say about how long states have to spend MoE dollars?** Given the relatively slow pace of de-linking, in many states it will take a few years until MoE dollars have reached a meaningful level. The federal government has not yet said whether states can accumulate MoE funding or if they have to spend MoE funds as they are saved. NACAC recommends that states, policymakers, and others encourage the U.S. Department of Health and Human Services to set a reasonable timeframe for implementing the MoE requirement.

Conclusion

By investing MoE dollars thoughtfully, administrators, advocates, and policymakers can truly make a difference for children and families. Stakeholders can identify critical areas that need improvement, such as equalizing adop-

tion subsidy and foster care rates, supporting adoptive families, and promoting targeted recruitment for children of color and older youth.

States should also take this chance to eliminate any disparate state adoption assistance programs and equalize benefits for all children who have special needs, no matter how each program is funded. Given that the vast majority of children in foster care will be IV-E eligible in fewer than 10 years, it makes little sense to operate a separate program simply for the few children who will remain non-IV-E eligible.

MoE reinvestments can finance some improvements, but it cannot support them all. Research shows that adoptions from foster care are fiscally smart and, of course, promote lasting benefits for children and society at large. Even in these difficult economic times, states must invest in adoption. When policymakers steer local, state, federal, and private funds into promoting permanency, vulnerable children and youth gain chances for a brighter future. And, at the same time, states can demonstrate their commitment to children and families without endangering their bottom line. ♦

States with the Highest Percentage of Non-IV-E Waiting Children Who Have Been in Care for 60 Consecutive Months or More

	Waiting Children in Care 60 Months or More		
	IV-E	Non-IV-E	Percent Non-IV-E
DE	1	35	97%
WY	3	18	86%
MI	182	872	83%
AK	13	62	83%
NE	22	98	82%
RI	16	55	77%
NJ	162	528	77%
MT	48	122	72%
WV	32	78	71%
AL	170	370	69%
National	11,277	10,785	49%

States with Highest Percentage of Non-IV-E Waiting Children

	# IV-E	# Not IV-E	% not IV-E
WY	23	128	85%
DE	66	245	79%
NE	187	618	77%
MI	1,611	4,505	74%
NJ	1,251	2,943	70%
ND	110	227	67%
RI	136	263	66%
IA	463	835	64%
MS	327	571	64%
WV	467	805	63%
National	69,367	64,451	52%

States with Highest Percentage of Non-IV-E Waiting Children Age 16+

	Non-IV-E Waiting Children	
	Number 16+	Percent 16+
TN	207	28%
HI	83	27%
MT	81	22%
KY	127	17%
MN	137	17%
AL	169	16%
NY	476	16%
VT	16	15%
OH	149	15%
SD	36	13%
MI	573	13%
WI	72	13%
National	5,847	9%