

Written Testimony of  
Honorable Ruth Kagi  
Washington State House of Representatives  
Early Learning & Children's Services Committee Chair

Before the Subcommittee on Income Security and Family  
Support of the  
Ways and Means Committee  
U.S. House of Representatives

Hearing on Title IV-E Waivers  
July 29, 2010

Good Morning/Afternoon Chairman McDermott, Ranking Member Linder and Members of the Subcommittee. Thank you for the opportunity to testify before you today about the importance of a reinstating Title IV-E Waiver authority, and Washington's interest in seeking a waiver.

My name is Ruth Kagi. I am a Washington State Representative and chair of the Washington State House of Representatives Early Learning & Children Services Committee. By way of background, the committee considers issues relating to early learning from birth to kindergarten as well as child and family issues, including child protective services, child welfare services, and TANF. I am also the immediate past chair of the National Conference of State Legislatures (NCSL) Human Services and Welfare Standing Committee. Today I will focus my testimony on why states need funding flexibility through expanded Title IV-E waivers. I will briefly highlight what Washington State has done to address foster care outcomes and reduce caseloads and how funding flexibility aligns with our comprehensive reform effort currently underway.

### **NEED FOR FLEXIBILITY**

Washington and other states are asking for flexibility to use **existing funding** to improve outcomes for children involved with the child welfare system by investing in quality, evidence based, up-front prevention and early intervention services. **Let me reiterate. We are not asking for new or increased funding. We are asking for greater flexibility to spend the funds that Congress already provides the states through Title IV-E of the Social Security Act.**

Greater flexibility through the Title IV-E waiver will accomplish two important public policy goals. First, it will correct an underlying problem. Currently, because Title IV-E funds are tied to the number of children and youth in foster care, there is no financial incentive for states to move their foster care population to permanent placements. In fact, the state loses funding every time it succeeds in lowering caseloads. However, conversely, if the waiver is granted, the state can permanently place its foster care children and youth without a loss of revenue. That revenue can be reinvested into prevention and early intervention programs, the second goal of the waiver. Through the flexibility afforded from Title IV-E waivers, Florida, Ohio, Oregon and two counties in California have experienced large reductions in their foster care population.<sup>1</sup> Washington State is asking for the same opportunity to utilize the savings from reduced caseloads to front load our services and keep more children safely at home. Moreover, Washington is currently embarking on a child welfare transformation effort and needs Title IV-E funding flexibility to achieve the desired outcomes.

Washington State, like virtually all states, has been severely impacted by the current economic situation. The federal assistance the state has received has helped immensely but we know we have to do business with less going forward. We have to identify processes and procedures that enable us to provide services and achieve outcomes more effectively and efficiently. A Title IV-E waiver will provide

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<sup>1</sup> Casey Family Programs (2010). *Ensuring Safe, Nurturing and Permanent Families for Children: The Need to Reauthorize and Expand Title IV-E Waivers*. Seattle, WA.

the flexibility for the state to focus on outcomes related to keeping children at home safely, reunifying children with families, and achieving permanency for children who are not reunified.

### **TITLE IV-E FUNDING BACKGROUND**

The Title IV-E program is open-ended and funded with a combination of federal and state/local matching funds to support Title IV-E eligible children in licensed out-of-home foster care, adoption support, and for administrative functions such as caseworkers' salaries and benefits, information systems, and training.

Under the current child welfare funding structure, the funds are only available for a subset of children in out-of-home care, namely those who meet the Title IV-E eligibility criteria. Further, the uses of Title IV-E funds are restricted.

- Eligibility for Title IV-E foster care funds is tied to the 1996 for Aid to Families with Dependent Children (AFDC) income requirements, which is a program that no longer exists. If a child does not meet the eligibility criteria, the state does not receive federal Title IV-E funds for the care of that child.
- If states are successful in reducing foster care caseloads, Title IV-E funding will diminish because states receive Title IV-E funds only when a child is in licensed out-of-home care.
- Title IV-E funds cannot be used for preventative or front-end services prior to an out-of-home placement, supporting unlicensed out-of-home relative placements, and some permanency options such as guardianships with persons that are not a relative. **Providing Washington and other states with the Title IV-E waiver will permit them to fully fund these vital services which can substantially reduce the numbers of children and youth in state care.**

### **FOSTER CARE OUTCOMES**

We see many opportunities to both address the outcomes of children in foster care and to reduce the number of children in foster care through flexible financing. We know that compared with the general population, foster care alumni have higher rates of serious emotional and behavioral problems, higher rates of contact with the criminal justice system and lower rates of employment.<sup>2</sup> Additionally, research has shown that compared with the entire student population in Washington State, youth placed in foster care have higher rates of reported disabilities, grade retention, and school mobility, and lower levels of academic achievement.<sup>3</sup> Given the opportunity to obtain a Title IV-E waiver, states can focus on services that keep children home safely and on improving the outcomes for children already in foster care.

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<sup>2</sup> Casey Family Programs (2008). *Improving Outcomes for Older Youth in Foster Care*. Seattle, WA.

<sup>3</sup> Mason Burley (2009). *Graduation and dropout outcomes for children in state care (2005–2008)*. Olympia: Washington State Institute for Public Policy, Document No. 09-11-3901.

**FOSTER CARE CASELOAD TRENDS IN WASHINGTON STATE**

In Washington State, the licensed foster care caseload has decreased by 13.8 percent from state fiscal year 2008 to 2010. Washington State has implemented a variety of actions to address outcomes and decrease the foster care population. However, as noted earlier, when the caseload declines, the state receives less Title IV-E funds. The chart below is provided for illustrative purposes to show the impacts of the declining foster care caseload:

<b>Licensed Foster Care Maintenance Payments Scenario</b>						
	Average Monthly Caseload Headcount	Average Monthly Capita Payment**	Per Monthly Title IV-E Funds**	Title IV-E Difference from Year	IV-E Prior Year	Percent Decrease from Prior Year
FY 08	7,829	\$822	\$18,623,000			
FY 09	7,347	\$822	\$17,476,000	(\$1,147,000)		-6.16%
FY 10*	6,681	\$822	\$15,892,000	(\$1,584,000)		-9.06%
FY 11*	6,088	\$822	\$14,481,000	(\$1,411,000)		-8.88%

\* Estimates based on June 2010 forecast

\*\* Figures are based on a four-year average of monthly per capita maintenance payments, a four-year average of FMAP rate of 55% (which assumes ARRA funds through June 2011), and that the state receives Title IV-E for roughly 43.84% of children in licensed foster care.

**EFFORTS IN WASHINGTON STATE**

The state has taken a number of actions to reduce the foster care caseload and achieve better outcomes. I would like to briefly highlight some of these actions before describing the current reform effort.

To enable monthly visits and greater oversight of children in care, additional staffing was provided to the Children's Administration, Washington State's child welfare agency. This resulted in the number of cases per caseworker decreasing from an average of 24 in 2002 to 18 by 2009. This caseload ratio has been maintained, even as there have been significant reductions across the state budget. Additionally, in the 2009-11 biennial budget, the Children's Administration was directed to reduce the length of stay for children in out-of-home placements. As part of this effort, the state utilized in-home services to return children safely, model court initiatives to improve the timeliness and accountability of court proceedings, and quality parent representation to increase reunifications.

Washington has seen a 13.8% reduction in caseloads in the last two years in large part due to a major focus of the Legislature and the Governor on permanency initiatives for children in foster care. One effort is to increase and expedite adoptions for legally free children in foster care. As a result, the state

has seen a 17.2 percent increase in the adoption caseload from state fiscal year 2008 to 2010. Additionally, the Legislature in 2009 enacted laws creating a subsidized relative guardianship program, authorized by the Fostering Connections to Success and Increasing Adoptions Act (PL 110-351), which we expect will increase permanency for more children as we move forward.

Additionally, Washington State has increased its investment in front end services that can keep children safely at home. A study conducted by the Washington State Institute for Public Policy identified well-researched, cost beneficial programs and policies that can improve child welfare outcomes.<sup>4</sup> One of the programs identified as effective was Intensive Family Preservation Services (IFPS) based on the Homebuilders model. IFPS is used to deliver intensive in-home services to avoid out of home placement and keep children home safely. Even during a time of declining revenues, the state increased funding for this program by an additional \$2.5 million per state fiscal year in order to reduce the number of children and youth coming into care.

I draw attention to this investment because it is an example of where we, as a state, would like to be able to focus resources. The services are concentrated in communities with highest out-of-home placement rates. Of the families referred, 89 percent of children are an imminent risk of placement, 8 percent are for families who need intensive services in order to be able to achieve reunification, and 3 percent of referrals are for caregivers at risk of placement disruption. 95 percent of cases achieved placement prevention, placement stabilization or reunification by the close of the intervention. Over 75 percent of the children who received the services remain in the own home six months after services have ended. IFPS is an intensive, effective, evidence based practice that keeps children safely out of care. Title IV-E funds cannot be used for this valuable service.

We remain committed to improving the child welfare system and continue to take actions to improve the quality of our child welfare interventions and keep the foster care caseload trend declining. However, without the waiver, the state is not able to retain and utilize Title IV-E funds that are saved as a result of decreasing foster care caseloads in order to prevent future placements. We feel this is a critical time for a waiver as we are also undertaking a major reform effort that has the potential for long-term change.

## **CHILD WELFARE TRANSFORMATION IN WASHINGTON STATE**

In 2009, Washington State enacted Child Welfare Transformation legislation that has two phases<sup>5</sup>. The first phase of Washington's comprehensive legislation directs the Children's Administration to convert its existing fee-for-service contracts into performance-based contracts that focus on outcomes. As part of the second phase of the transformation, Children's Administration will contract for both child welfare services and case management in two demonstration sites selected by the transformation

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<sup>4</sup> Stephanie Lee, Steve Aos, and Marna Miller. (2008). *Evidence-based programs to prevent children from entering and remaining in the child welfare system: Benefits and costs for Washington*. Olympia: Washington State Institute for Public Policy, Document No. 08-07-3901.

<sup>5</sup> Chapter 520, Laws of 2009, Partial Veto (Second Substitute House Bill 2106). Child Welfare Services.

design committee. These efforts will immensely change how our child welfare system will operate and deliver services.

The legislation also directs the Washington Office of Financial Management to develop, "**a proposal for the reinvestment of savings, including savings in reduced foster care caseloads, into evidenced based prevention and intervention programs designed to prevent the need for or reduce the duration of foster care placements**" by November 30, 2010 for submission to the Governor and the Legislature. Under the current funding mechanism, Washington State cannot include the Title IV-E savings from reduced foster care caseloads in its reinvestment strategy.

**We see a great opportunity to successfully implement the transformation efforts with the flexibility of a Title IV-E waiver.** We believe a Title IV-E waiver, by providing greater flexibility, can help the state move from purchasing specific services to purchasing specific outcomes and increasing accountability. It would allow the Children's Administration to utilize both state and federal Title IV-E funds for evidence based front-end services, like Intensive Family Preservation Services, that meet the needs of individual children and families. It also would provide you at the federal level with more information about the effectiveness of IVE waivers. Unfortunately, without a Title IV-E waiver, the state will continue to see a decline in the federal IV-E dollars which will severely harm our transformation effort.

Washington is ready and willing to move forward with child welfare finance reform. We have:

- New legislation mandating reform,
- Strong executive and legislative leadership,
- A private sector partnership committed to reform, and
- A sense of urgency to improve outcomes for children and families.

A Title IV-E waiver is a critical component of our reform effort, and to reform nationally. The bi-partisan National Conference of State Legislatures supports reinstating and expanding federal waiver authority so that states can test the results of increased funding flexibility on the development of service alternatives and on the overall delivery of child welfare services.

Mister Chairman and members of the Committee, you provided great leadership by passing the bi-partisan Fostering Connections to Success law. I urge you to come together again to provide this interim measure to give states the ability to seek waivers to improve the lives of our most vulnerable children.

Thank you for the opportunity to testify. I am happy to answer any questions that you have.