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Report to the Chairman, Subcommittee on Oversight of Government Management, Committee on Governmental Affairs, U.S. Senate

June 1993

FOSTER CARE

Services to Prevent Out-of-Home Placements Are Limited by Funding Barriers

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The Honorable Carl M. Levin
Chairman, Subcommittee on Oversight
of Government Management
Committee on Governmental Affairs
United States Senate

Dear Mr. Chairman:

This report examines two interventions on behalf of abused and neglected children—foster care and family preservation services—and contains a matter for congressional consideration. At your request, we reviewed the statutory and fiscal barriers states face in delivering appropriate services, strategies states use to cope with these barriers, and research results regarding what interventions work best for which populations of families and children.

As agreed with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 7 days from its issue date. At that time, we will send copies to the Secretary of Health and Human Services, the Director of the Office of Management and Budget, and other interested parties.

This report was prepared under the direction of Jane Ross, Associate Director, Income Security Issues, who may be reached at (202) 512-7215 if you or your staff have any questions concerning this report. Other major contributors are listed in appendix IV.

Sincerely yours,

Lawrence H. Thompson

Lawrence H. Thompson
Assistant Comptroller General

Executive Summary

Purpose

Recent growth in the number of abused and neglected children, many of whom are placed in out-of-home care, has dramatically increased the pressure on state child welfare programs. After declining in the early 1980s, foster care caseloads grew 55 percent, from 276,000 in 1985 to 429,000 in 1991. Currently, states are attempting to contain burgeoning foster care costs while ensuring the safe and healthy development of children.

The Chairman of the Subcommittee on Oversight of Government Management, Senate Committee on Governmental Affairs, asked GAO to examine two interventions for abused and neglected children—foster care and family preservation services. For these interventions, this report describes (1) what statutory and fiscal barriers states face in delivering appropriate services and (2) what strategies states use to cope with those barriers.

Background

In 1980, the Adoption Assistance and Child Welfare Act (P.L. 96-272) was enacted in response to concerns about children languishing in foster care. This law requires states to make reasonable efforts to keep families together by preventing the need for placing children in foster care and reuniting children already in foster care with their families. Federal funding for child welfare services increased to assist states in meeting this objective.

To accomplish the goal of preserving families, states try to offer a range of child welfare services, either directly or by referral, that families may need to improve their functioning and their children's welfare. Services designed to prevent placement and reunify families can include training in parenting and housekeeping skills, transportation, and mental health and family counseling.

Family preservation programs, which package and offer many of these child welfare services, have grown in popularity across the country. With a common goal of averting the need for foster care placement, these programs provide multiple services to the whole family to help ameliorate the underlying causes of dysfunction while the children remain at home. Many variations of program models exist, but most can be commonly characterized—in contrast to the way child welfare services are traditionally delivered—as providing intensive services on a time-limited basis usually lasting from 4 to 6 weeks and by caseworkers who are often

on call 24 hours per day and carry caseloads as low as two families per worker.

No single federal program fully supports the range of services that typically comprise foster care and family preservation services. Two titles of the Social Security Act expressly authorize funding for those activities, and Social Services Block Grant funds may also be used:

- Title IV-E is an uncapped entitlement that reimburses states for a portion of the cost of placing only children who are eligible under the Aid to Families With Dependent Children (AFDC) program in foster care. Covered costs include those associated with maintaining the out-of-home placement, such as food and shelter, administration, and training for agency staff. Title IV-E costs were $2.2 billion in 1992.
- Title IV-B authorizes federal matching grants to states for up to 75 percent of the cost of providing child welfare services. These funds can be used for family preservation programs, some foster care, and other services related to placement prevention, family reunification, adoption, protection, and abuse prevention. There are no income eligibility requirements. Federal funding, which is limited by appropriations, was $274 million in 1992.
- Title XX, the Social Services Block Grant, gives states discretion to fund a wide array of social services for children, families, adults, and the elderly. State allocations are based on population and limited by an authorized funding ceiling. The 1992 block grant was $2.8 billion, but the amount used for child welfare services is unknown.

To determine how federal law and funding affect the delivery of foster care and family preservation services, GAO reviewed relevant federal legislation, policies, and regulations. GAO studied strategies for delivering such services in three states—California, Michigan, and New York—that account for 54 percent of federal foster care costs. GAO also reviewed major foster care and family preservation evaluations and interviewed experts about the effectiveness of these interventions. Work was conducted between June 1991 and November 1992.

Results in Brief

Various funding barriers constrain states' ability to provide child welfare services that can prevent out-of-home placement and contain some of the growth in foster care caseloads. For example, because federal funding of foster care is an open-ended entitlement, it is easier to place eligible children in out-of-home care. However, it is more difficult to provide child

welfare services designed to keep families together because federal funding for these purposes is limited by annual, capped appropriations.

In 1981, the ratio of foster care expenditures to child welfare services appropriations was about 2 to 1; by 1992, this ratio was 8 to 1. Moreover, declining state revenues, compounded by burgeoning foster care caseloads and costs, have largely exhausted state moneys that could otherwise be used for family preservation services. The Social Security Act does not offer the authority or flexibility—present for other Social Security entitlement programs—for states to use federal foster care funds to demonstrate and evaluate service innovations that might mitigate state fiscal predicaments and preserve families.

States attempt to cope with fiscal barriers and caseload growth through a combination of fiscal and programmatic innovation. Fiscal coping strategies include those that maximize the use of federal foster care funds for eligible children, shift costs to localities, and develop less costly alternatives to institutional placements. Programmatic coping strategies include family preservation programs as an innovative option for reducing caseloads.

Although evaluations on family preservation programs reported short-term positive effects, the long-term effects are not known. Nevertheless, because of such promising effects states are seeking federal funds from alternative sources to maintain and expand these programs as one option in the continuum of child welfare services.

Principal Findings

Various Barriers Constrain States' Ability to Provide Services

The current federal system for financing child welfare programs offers little incentive for states to provide services designed to achieve the 1980 legislative goals of keeping families together and averting the need for foster care. Instead, states can more readily house a growing foster care population in federally subsidized care. Under the present system, Title IV-E funding is open-ended and readily available as caseloads expand for the costs of placing and maintaining an AFDC-eligible child in foster care. However, IV-E funding cannot be used for direct services, such as the placement prevention and family reunification services offered by family preservation programs.

While Titles IV-B and XX allow states to fund a broad range of services, federal funding levels for the IV-B and XX programs are capped. Further, these programs' funds have not increased at nearly the rate of foster care expenditures nor at the rate necessary to meet the need for child welfare services. In 1981, the ratio of IV-E foster care expenditures to IV-B child welfare appropriations was about 2 to 1; by 1992, this ratio was 8 to 1. From 1981 to 1992, IV-B funding increased 67 percent, and XX funding declined by 6 percent, while IV-E expenditures increased 616 percent. In addition, the Social Security Act does not authorize waivers—as the act currently permits for other Social Security entitlement programs—in order that states could use IV-E funds to demonstrate and evaluate service innovations designed to avert the need for foster care placement and better promote the objectives of Public Law 96-272.

Continuing state fiscal distress exacerbates the problems with providing child welfare services. Burgeoning foster care caseloads and costs further strain state budgets already weakened by worsening state fiscal conditions. Over the years, foster children have become increasingly more troubled and require more expensive forms of care. States fund most of these costs despite federal assistance for eligible foster care placements. In 1991, states matched Title IV-E funding for 47 percent of all foster care placements and fully supported the remaining 53 percent.

As the demand for child welfare services has grown, so has the demand for adult services and care for the elderly. Consequently, the need to balance the various increasing demands for existing publicly financed social services for both adults and children has limited the states' ability to use their IV-B and XX allotments to fund new services, such as family preservation programs.

States Are Trying to Cope With Barriers

Some state strategies for coping with federal and state funding barriers are fiscally driven. Specific strategies are aimed at shifting or reducing foster care costs. Examples of such strategies include the following:

- States maximize federal matching funds by ensuring that all eligible foster care placements and administrative expenses are claimed under the uncapped Title IV-E program. By obtaining federal funds for such purposes, states and localities can make their own funds available to support direct services and federally ineligible foster care placements.
- States shift costs to localities as a way to reduce state costs and motivate localities to contain costs.

- States increasingly use specialized family foster care as an alternative to more costly residential or institutional care. In this form of care, foster parents are trained to handle the types of problems they are likely to encounter when caring for children with special needs. As a result, these children can be placed in foster family homes instead of in less family-like, more expensive settings, such as residential treatment centers. This strategy is also a response to the more troubled children entering care.

States view family preservation programs as a promising strategy for reducing foster care caseloads, although research findings are inconclusive about the long-term effectiveness of this intervention. Many studies have reported that family preservation programs can reduce foster care placements and strengthen families up to a year after receiving program services. But, little is known about such programs' long-term effect on averting the need for out-of-home placement, their cost-effectiveness, or how they compare with the delivery of traditional child welfare services.

Nevertheless, the research has sufficiently encouraged states—intent on reducing foster care caseloads and costs—to initiate family preservation programs largely with nonfederal funds. Recently, however, continued fiscal distress has caused states to seek alternative federal funding from other open-ended programs, such as the Emergency Assistance and Medicaid programs, in order to maintain and expand family preservation services. Child welfare experts caution and states recognize, however, that family preservation programs are not a panacea, but represent one option in an array of child welfare services that states provide for at-risk children and families.

Matter for Congressional Consideration

To enable states to more readily meet the purpose of the 1980 child welfare reform legislation, the Congress may wish to consider amending the Social Security Act to provide waiver authority. Such waivers would permit states to demonstrate and evaluate service innovations designed to avert out-of-home placements, such as family preservation programs.

Agency Comments

GAO did not obtain written agency comments on this report, but discussed its contents with Department of Health and Human Services officials and incorporated their comments as appropriate.

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Abbreviations

AFDC	Aid to Families With Dependent Children
AIDS	acquired immunodeficiency syndrome
APWA	American Public Welfare Association
FPS	Family Preservation Services
GAO	General Accounting Office
HHS	Department of Health and Human Services
NCSL	National Conference of State Legislatures
VCIS	Voluntary Cooperative Information System

Introduction

In 1980, the Adoption Assistance and Child Welfare Act was enacted to combat the increasing number of children entering and staying in foster care for long periods of time. Although the law appeared to achieve its intended effect in the first few years after its passage, foster care caseloads began to once again grow dramatically in the mid-1980s. States face substantial challenges to contain burgeoning foster care costs while meeting the needs of abused and neglected children and their families. This report focuses on two interventions for abused and neglected children—foster care and family preservation services.

Foster Care Concerns Led to Child Welfare Reform

In the 1970s, concerns were raised about an increasing number of children entering and languishing in foster care. Several studies found that foster care was often used because services were not available to permit children to remain in their own homes. In addition, children were staying in foster care for long periods of time, and the likelihood of their exit from care decreased with the length-of-stay. It was widely argued that the federal government should encourage states to prevent unnecessary foster care placements and ensure that children remained in foster care only as long as necessary.

The Adoption Assistance and Child Welfare Act of 1980 (P.L. 96-272) was enacted, in part, to address those concerns. In addition, the law required that reasonable efforts be made to prevent the need to place children in foster care. Consequently, in order to receive certain federal funds, a state must provide child welfare services designed to (1) prevent the unnecessary separation of children from their families, (2) restore to their families children who have been removed, and (3) ensure adequate care for children requiring out-of-home placement.

The 1980 legislation changed the funding mechanisms for both the Title IV-B child welfare services and federal foster care[1] programs. These changes served as incentives to states to use child welfare services in lieu of initial or continued foster care placement whenever possible and appropriate. Beginning in 1981, appropriations for IV-B child welfare services increased. In addition, the 1980 law included a provision allowing states to transfer unexpended funds from their Title IV-E foster care allotments to use for any child welfare services under Title IV-B, if certain circumstances exist and requirements are met.

[1]Public Law 96-272 transferred the federal foster care program from the Aid to Families With Dependent Children (AFDC) program under Title IV-A of the Social Security Act to a newly created Title IV-E.

Child Welfare Agencies Provide an Array of Services

Primary responsibility for administering child welfare services in the United States rests with state governments. States are organized in complex and varied ways to carry out this responsibility. In most states, major administrative decisions are made by the state child welfare agency. However, in almost a third of the states, counties administer child welfare programs, have much more autonomy, and are free to establish policies and priorities within broad state guidelines. Some states and localities provide child welfare services directly. Others purchase services from private agencies. Most states use a combination of direct and purchased services.

The types of services that are available in any state or locality are varied as well. Child welfare services encompass a broad range of activities, including child protection, care of the homeless and neglected, child social and nutritional development, and out-of-home care. The array of services is gradually increasing, although not all services are universally available. Examples of placement prevention and family reunification services families might receive, which are consistent with the purpose of Public Law 96-272, include training in parenting and housekeeping skills, day care, transportation, and mental health and family counseling. Regardless of the variety of services available in any state or locality, all states provide foster care.

Foster Care Provides Out-of-Home Care

Foster care involves the removal of children from their homes and placement with a foster family or in a group home or residential care facility. The goal of foster care is to provide children, whose families do not provide suitable care for them, physical care, emotional support, and other services to protect and promote their growth and development. Foster care placements are considered temporary until (1) the family can be reunited, (2) the child is adopted, or (3) a long-term placement is arranged. Children who remain in long-term foster care until the age of majority, or emancipation from care, generally do so because they are past victims of serious abuse or neglect and either unsafe family circumstances or their troublesome behavior has precluded other options of reunification or adoption.

A foster care caseworker typically may carry a caseload of 12 to 50 children and have contact with each child on a weekly basis or less.

Although many children stay in foster care for less than 6 months, most children remain in care for a year or longer, as we previously reported.[2]

The foster care settings in which children may be placed vary in degrees of restrictiveness and level of care. The least restrictive, most family-like setting is placement with a foster family. This type of care provides children with a substitute family and includes placement with nonrelated foster parents as well as relatives. The more restrictive and costly as well as less family-like type of care is placement in a group home or residential care facility. These settings provide children with 24-hour care by paid staff. Facilities can be large or small, institution-like or home-like, and encompass such settings as emergency shelters, receiving homes, group homes, and residential treatment centers.

Most children in foster care are in family placements. About 71 percent of the total foster care population were living in family foster homes and 18 percent in group or residential settings in 1988, the most recent year for which complete data are available, according to the American Public Welfare Association (APWA). The remaining 11 percent included children living in nonfinalized adoptive homes and independent living arrangements.

Family Preservation Programs Attempt to Avert the Need for Foster Care

Family preservation or in-home support programs treat children within their families and community environment. As a means of providing placement prevention and family reunification services to avert the need for foster care placement, family preservation programs are presently receiving much attention by the child welfare field. Almost 400 programs were in existence across the United States in 1990, a 17-percent increase from 1989, according to the National Resource Center on Family Based Services.

The term "family preservation" is used to describe programs of considerable variety.[3] All of these programs share common goals of ensuring the safety of the child, preventing foster care placements, and improving family functioning skills so family members can remain together. Although more commonly used to prevent the need to remove children from their homes, family preservation programs are increasingly

[2]Foster Care: Children's Experiences Linked to Various Factors; Better Data Needed (GAO/HRD-91-64, Sept. 11, 1991).

[3]Other terms also used include home-based services, family-centered services, family-based programs, intensive family preservation, crisis intervention programs, and family treatment.

being considered as a means to reunite children in foster care with their families.

Most family preservation programs provide concrete and supportive services tailored to the family's needs to help ameliorate the underlying causes of dysfunction while the child remains at home. The intensity, duration, and packaging of services differentiates such programs from the traditional delivery of child welfare services. Even among these programs, however, service-delivery varies. For example, in the widely used Homebuilders intensive family preservation model, caseworkers typically carry small caseloads of two families at a time and are available to families on a 24-hour basis for 4 to 6 weeks. In other program models, caseworkers may carry caseloads of up to 20 families, with one or two personal contacts per week for a period of 7 or more months.

Federal Funding Streams Are Fragmented

No single federal program fully supports the range of services that typically comprises state and local foster care and family preservation programs. Federal funding is specifically authorized by two federal programs established under the Social Security Act—Title IV-B child welfare services and Title IV-E foster care. These two titles operate together to help prevent the need for out-of-home placement and, in cases where such placement is necessary, to provide protections and permanent placement for the children involved. In addition, the Social Security Act's Title XX Social Services Block Grant enables states, at their discretion, to fund child welfare services, including family preservation programs. Table 1.1 lists the act's three programs and their funding environments.

During the past year, the Congress has considered several proposals that would create an additional child welfare entitlement program under the Social Security Act. While specifics of the various bills differ, the overall goals are similar—to provide states with more funds for services designed to strengthen and preserve families. As of May 1993, none of the child welfare proposals had been enacted.

Table 1.1: Federal Funding Sources for Foster Care and Family Preservation Services

Program	Federal support	Eligibility	Allowable costs
Title IV-B Child Welfare Services	Nonentitlement providing federal matching grants to states for up to 75 percent of costs; funding capped by appropriations. 1992 appropriation: $274 million.	No income eligibility requirements.	Child welfare services for the following purposes: placement prevention and family reunification; family preservation programs; maintenance of a foster care placement (limited to level funded under IV-B in 1979); as well as protection, abuse prevention, and adoption.
Title IV-E Foster Care	Open-ended entitlement; state submits claim for reimbursement. 1992 state claims: $2.2 billion.	Children must be AFDC-eligible.	May not be used for direct services, including placement prevention and family reunification, such as those offered by family preservation programs.
Maintenance	Federal match at state's Medicaid rate (50 to 83 percent).		Food, shelter, daily supervision, school supplies, incidentals, liability insurance for the child, and reasonable travel to the child's home for visits.
Administration	Federal match of 50 percent.		Case planning and management, preplacement activities, eligibility determinations, and other administrative costs.
Training	Federal match of 75 percent.		Training for agency staff.
Title XX Social Services Block Grant	Capped entitlement providing 100-percent federal match, based on state's population; funding ceiling set in law. 1992 appropriation: $2.8 billion.[a]	No income eligibility requirements.	At states' discretion, a wide array of social services for children, families, adults, and the elderly, including placement prevention, family reunification, and family preservation programs; may not be used for out-of-home placements, except for temporary emergency care.

[a]Represents total social services block grant amount; the amount spent on child welfare services is unknown.

Foster Care System Is in Crisis

Currently, the foster care system is in crisis. The increasing number of reported and substantiated child abuse and neglect cases is causing a rise in the number of children entering foster care. In addition, the

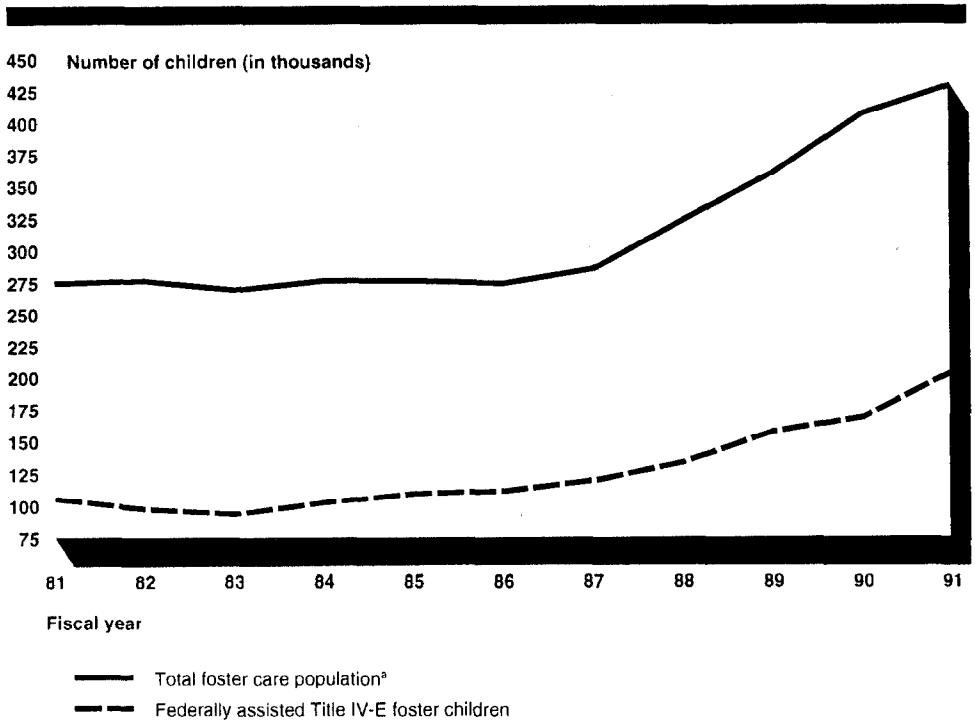
service-delivery system is strained by a combination of burgeoning caseloads, overworked social workers, and a shortage of foster and adoptive parents.

Reports of child abuse and neglect have increased an estimated 42 percent, from 1.9 million in 1985 to 2.7 million in 1991, according to the National Committee for Prevention of Child Abuse. Nationwide, this represents an increase from 30 per 1,000 children in 1985 to 42 per 1,000 in 1991. Child abuse reports continue to steadily climb, apparently fueled by increasing economic stress and substance abuse as well as a greater public awareness of and willingness to report maltreatment. According to the American Humane Association, an estimated 40 percent of child abuse and neglect reports are substantiated.

While the total foster care population decreased slightly in the first few years after the passage of Public Law 96-272, a gradual and then more pronounced increase began in the mid-1980s, as shown in figure 1.1. Overall, foster care caseloads grew 55 percent, from 276,000 in 1985 to 429,000 in 1991, according to APWA's Voluntary Cooperative Information System (VCIS).[4] APWA attributed the recent rise in the foster care population more to declines in the numbers of children leaving care than to the actual numbers of children entering care.

[4]States voluntarily submit caseload data to APWA's VCIS, which is funded by the Department of Health and Human Services.

Figure 1.1: Foster Care Caseloads Have Burgeoned



[a]Includes those not meeting AFDC-eligibility criteria for Title IV-E funding.

Child welfare experts also attribute the recent rise in the foster care population to several new social trends. Among the most important trends are the increased number of child abuse and neglect cases, the rise in illegal drug use especially among young mothers in inner city areas, the acquired immunodeficiency syndrome (AIDS) epidemic, and the increased numbers of homeless families.

Much has been written about the difficulties that states and localities experience delivering quality foster care. For example, large foster care caseloads, often of 50 or more cases, prevent foster care caseworkers from following cases closely and supporting foster families. High turnover among foster care workers also interrupts the continuity of care for children. Efforts to provide quality family foster care are further hampered by other problems, such as an insufficient number of foster homes, difficulty in recruiting and retaining foster parents, and inadequate training and support for foster parents.[5]

[5]Foster Parents: Recruiting and Preservice Training Practices Need Evaluation (GAO/HRD-89-86, Aug. 3, 1989).

Objectives, Scope, and Methodology

In a letter dated February 19, 1991, the Chairman, Subcommittee on Oversight of Government Management, Senate Committee on Governmental Affairs, asked that we look into the role of the federal government in addressing the increasing incidence and complex nature of child abuse and neglect in the United States. The Chairman expressed particular interest in gaining a clearer understanding of how federal programs provide incentives for—or barriers to—appropriate service-delivery.

In August 1992, we issued a report, Child Abuse: Prevention Programs Need Greater Emphasis (GAO/HRD-92-99, Aug. 3, 1992), which focused on prevention activities that take place before the first instance of child abuse. That report reviewed a variety of child abuse prevention programs, discussed their effectiveness, and described funding and other obstacles to more widespread implementation of these kinds of programs.

This report addresses two interventions that take place after child abuse or neglect has occurred, namely foster care and family preservation services. For these interventions, our objectives were to determine

- what statutory and fiscal barriers states face in delivering appropriate services (see ch. 2) and
- what strategies states use to cope with those barriers (see ch. 3).

The Chairman also asked that we assess available research about the circumstances under which foster care and family preservation services are most appropriate or successful. While family preservation programs have recently received greater research attention, the few evaluations that address this issue have generally reported cursory, inconclusive findings. Research on foster care does not readily address the issue at all. As agreed with the Chairman's office, this report briefly describes in chapter 3 the results from major family preservation studies on program effectiveness. Appendix I provides additional information on what major evaluations have reported about the effectiveness of foster care as well as what interventions work best with which populations of families and children.

To identify federal barriers affecting foster care and family preservation services, we reviewed relevant federal legislation, policies, and regulations. We also spoke with officials at the Department of Health and Human Services' (HHS) Administration for Children, Youth, and Families as well as a number of child welfare experts and state child welfare agency officials.

We studied strategies for delivering foster care and family preservation services and coping with caseload growth in three states—California, Michigan, and New York—that collectively accounted for 54 percent of federal foster care costs in 1991. In each state, we interviewed state officials and obtained budget, funding, expenditure, and caseload data regarding their foster care, child welfare services, and family preservation programs. Case studies describing each state's fiscal situation, child welfare programs, and coping strategies appear in appendix II.

To assess current thinking about the circumstances under which foster care and family preservation services are most appropriate or successful, we reviewed available literature as well as major foster care and family preservation evaluations and contacted 40 child welfare experts. The evaluations are described in appendix I, and the organizations and experts we contacted are listed in appendix III. A bibliography of the literature we reviewed appears at the end of this report.

Although we did not obtain written agency comments on this report, we discussed its contents with HHS officials and incorporated their comments where appropriate.

We conducted our audit work from June 1991 to November 1992 in accordance with generally accepted government auditing standards.

Various Funding Barriers Constrain States' Ability to Provide Child Welfare Services

Several barriers constrain the states' ability to carry out federally mandated efforts to prevent unnecessary out-of-home placements and reunite children already in foster care with their families. First, there is an economic incentive to place children in foster care because federal funding is provided through an open-ended entitlement program. However, federal funding is capped for direct services, such as those offered by family preservation programs, and has not kept pace with growing demands. Second, worsening state budgetary conditions exacerbate the effect of the limited federal funding available for family preservation services and are forcing states to reduce spending and balance increasing and competing demands for scarce resources.

Federal Financing System Encourages Out-of-Home Placements

The current federal system for financing foster care and family preservation services encourages out-of-home placements. Federal costs for foster care have skyrocketed, owing in part to states' virtually unlimited access to Title IV-E funding for AFDC-eligible placements. At the same time, federal funding for placement prevention and family reunification services under Titles IV-B and XX is capped and has not kept pace with burgeoning foster care costs. Finally, waiver provisions are present for other titles of the Social Security Act to spur innovation, but are absent for the Title IV-E program.

Federal Funding for Foster Care Placement Is Open-Ended

The federal foster care program under Title IV-E is an open-ended entitlement, which provides maintenance payments for basic food and shelter for AFDC-eligible children placed in out-of-home care. Title IV-E foster care costs increased 616 percent between 1981 and 1992, as shown in figure 2.1.

One reason for the increase is that foster care under Title IV-E is an open-ended entitlement. This means that the level of funding increases or decreases in response to eligible caseloads, which climbed steeply over the period. As discussed in chapter 1, Title IV-E moneys may not be used for placement prevention and family reunification services, such as those offered by family preservation programs.

Federal Funding for Child Welfare Services Is Capped

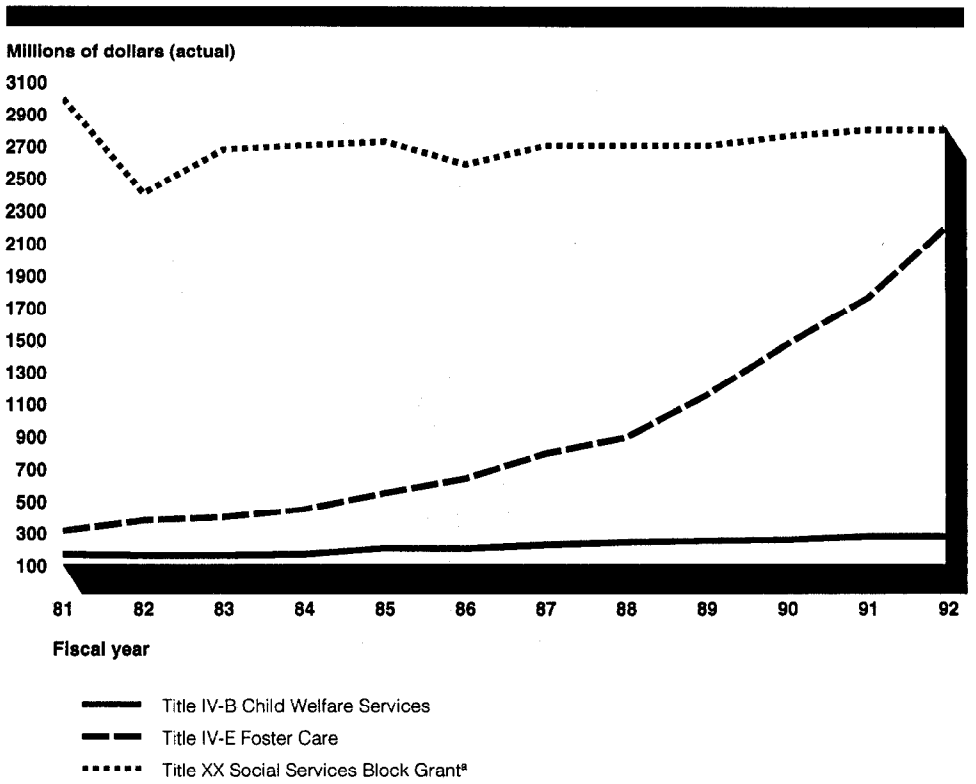
Under Titles IV-B and XX, federal funding is capped for direct services, such as the placement prevention and family reunification services offered by family preservation programs. In addition, the funding levels for Titles IV-B and XX have not increased at nearly the substantial rate of uncapped

foster care expenditures. As shown in figure 2.1, funding for child welfare services under Title IV-B grew by 67 percent between 1981 and 1992, while Title XX funding declined by 6 percent.

Since passage of Public Law 96-272, increased funding was made available under Title IV-B child welfare services to enable states to step up their efforts to prevent the need for out-of-home placement and reunite children in foster care with their families. However, Title IV-B funding increased only modestly in the intervening years and at not nearly the pace of foster care expenditures, as shown in figure 2.1. In 1981, the ratio of IV-E expenditures to IV-B appropriations was about 2 to 1; by 1992, this ratio was 8 to 1. As the demand for foster care grew, one would expect both IV-B and IV-E funding to increase at a similar rate; however, the rate of increase between 1981 and 1992 was not similar, as illustrated in figure 2.1, because IV-B is capped and IV-E is not.

The slow growth in federal funding for child welfare services under Title IV-B has been compounded by declining funds from the Title XX Social Services Block Grant. Although Title XX is a major source of federal funding for many state child welfare programs, states have had to stretch their declining block grant dollars to meet other growing and competing demands, including community and home care for the elderly and services for the disabled.

Figure 2.1: Federal Funding for Foster Care Outstripped Funding for Services



[a]Represents total Social Services Block Grant amounts; portion spent on child welfare services is unknown.

To further increase funding for child welfare services, Public Law 96-272 established a mechanism that permits states to (1) establish a ceiling on IV-E foster care costs and (2) transfer unexpended IV-E foster care funds to use for any child welfare services under Title IV-B.[1] During the first several years following passage of the 1980 law, when the desired effect of declining caseloads was achieved, the transfer mechanism provided a substantial amount of funding for child welfare services, as shown in table 2.1.

However, states have been increasingly unable to take advantage of this transfer mechanism over the past decade, because the subsequent growth in foster care caseloads and expenditures has left little or no unused IV-E

[1]When IV-B appropriations fall short of authorization levels—which has been the case since 1982—states may accept a voluntary ceiling on their IV-E expenditures. If a state's IV-E expenditures fall within the voluntary ceiling, the state may transfer a certain proportion of the remaining "unused" IV-E funds to their IV-B program. However, if IV-E expenditures reach or exceed the voluntary ceiling, a state may not transfer any funds.

funding to transfer to IV-B activities. The number of states transferring funds from Title IV-E to IV-B and the total amount transferred has steadily declined in the last 10 years, as shown in table 2.1. Indeed, as the IV-E foster care caseload rises, the amount of IV-E transfers drops. (See fig. 1.1 and table 2.1, respectively.)

Table 2.1: Number of States Transferring Funds From Title IV-E to IV-B and the Total Amount Transferred

Fiscal year	Number of states participating	Amount of transfers (dollars in millions)
1983	31	$32.6
1984	23	32.2
1985	22	19.6
1986	16	14.9
1987	15	11.3
1988	10	5.1
1989	6	1.6
1990	5	5.3
1991	2	0.9
1992	0	0.0

No Title IV-E Waiver Authority Is Available to Spur Innovation

Under section 1115 of the Social Security Act, the Secretary of the Department of Health and Human Services is authorized to waive compliance with certain requirements of federal programs, such as AFDC, child support enforcement, and Medicaid, for demonstration projects designed to promote the broad objectives of these programs. In granting such waivers, HHS requires that rigorous evaluations be conducted for major demonstrations that have significant policy implications. A waiver enables a state to experiment with innovations that ordinarily would not be allowed under existing law or regulations.

No waiver provision is present in the Social Security Act for the Title IV-E foster care program. Because of this absence, states are prevented from using program funds to demonstrate alternative methods of providing services designed to preserve families. In addition to the example provided below, in chapter 3 we describe in more detail efforts to demonstrate and evaluate family preservation services.

New York is seeking a waiver so that it could use Title IV-E foster care funds for a family preservation demonstration project. In order to obtain such a waiver, federal legislation is needed to amend the Social Security Act because IV-E funds cannot be used for direct services under current

law. With the provision of family preservation services, the project would test and evaluate the feasibility of reuniting AFDC-eligible children in foster care with their families and preventing the need for these children to reenter care. In November 1992, proposed federal legislation was vetoed that would have granted New York a waiver for this project. According to state officials, the state will continue to pursue this course of action during the current congressional session.

State Fiscal Distress Exacerbates Limited Funding for Family Preservation Services

In recent years, worsening state fiscal difficulties have compounded the problem of limited federal funding for services to prevent foster care placements. Burgeoning foster care caseloads and costs have further stressed states, which already fund the majority of child welfare costs. In addition, children coming into foster care have evidenced more severe dysfunction and need more costly care and services. Amid shrinking revenues, states must balance increased demands for child welfare services as well as services for adults and the elderly. These competing demands have consumed IV-B and XX funding for existing services in many states and limited the use of these funds for new services, such as family preservation programs.

Funding Decisions Are in Response to Acute Fiscal Distress

States experienced serious fiscal pressures for three consecutive years, according to an October 1992 survey of states conducted by the National Association of State Budget Officers and the National Governors' Association. As that survey reported, although not all states had the same problems, they were forced to make tough choices to maintain balanced budgets during a period of slow economic growth and mounting pressures from increased welfare caseloads and Medicaid spending.

Although the net effect of states' fiscal distress on child welfare programs is not known, we know that some states have made budget cuts in these programs. For example, in California, cost-of-living adjustments for caseworkers and foster care providers were eliminated. New York recently reduced funding to localities for social services, placed a 3-year freeze on foster care rates for group care providers, and placed a cash cap on the state's share of foster care costs. The effect on service-delivery resulting from these budgetary actions, if any, is not yet known.

The increased demand for out-of-home care has placed a greater burden on states because they already fund most foster care costs. In addition to the requirement for states to match federal funds under Title IV-E, they

must bear the full financial burden of foster care for children who are ineligible under the federal program. Nationwide, an estimated 47 percent of all foster care placements were funded under Title IV-E in 1991. States, often through cost-sharing arrangements with localities, funded all costs for the remaining 53 percent of children in foster care.

State resources have been further stretched by the increased numbers of abused and neglected children who are entering foster care at younger ages and who are coming from families with multiple and more severe problems, many involving substance abuse. The much publicized crack epidemic of the late 1980s sent foster care placements for infants and preschoolers soaring. From 1985 to 1989, placement rates for infants and preschoolers doubled, according to HHS data from 15 states.

The proportion of children in foster care requiring specialized treatment, such as drug-exposed infants and children with AIDS, has also steeply increased in the three states we visited. For example, according to Michigan officials, caseloads in the 1990s include proportionately more children who are seriously emotionally disturbed, sexually abused, or the offspring of substance abusers, including babies whose mothers are addicted to crack cocaine. Similarly, children entering foster care in California and New York are as troubled and in greater need of services.

Although AFDC-eligible children may receive federal assistance under Title IV-E, foster care for younger and more troubled children is a more costly demand on states, which already bear the major burden of financing out-of-home care. These children tend to remain in foster care longer than older or less troubled children. In addition, children with more severe problems often need more expensive and higher levels of care. Such care can be found in group care settings, including residential treatment facilities. These settings provide greater structure, professionally trained staff, and treatment that is focused on individual needs.

States also finance the majority of child welfare services. According to analysis by the American Public Welfare Association, states and localities funded about 57 percent of child welfare service costs nationwide in 1990. Where federal funding has been lacking for child welfare services, states are left to fill the void. For example, in California, child welfare services in 1992 were funded 64 percent from state and county funds, 4 percent from the state's Title IV-B allocation, and 32 percent from other federal sources consisting primarily of IV-E claims for administrative cost reimbursement.

States Must Balance Various Demands

Many states have had to balance various competing demands for limited funding and could not afford to spend their IV-B and XX allotments on new family preservation services. As states continued to face worsening budgetary conditions, the demand increased for child welfare services as well as other publicly financed services for adults and the elderly. While Titles IV-B and XX provided states the flexibility to fund a broad array of services, many states have not been able to exercise that flexibility. In fact, the increased demand for existing services has precluded some states from using their IV-B and XX funds for new services, such as family preservation programs. The three states we visited, for example, were experiencing severe fiscal distress and had no IV-B or XX funds to spare to either initiate or expand their family preservation programs.

The states we visited spend their IV-B funds on a broad range of child welfare services. In California, IV-B funds were primarily used for one county's emergency response program that investigated allegations of child abuse and neglect; no IV-B funds were used for foster care. Unlike California, Michigan used the full amount allowed for maintaining foster care placements and the remaining IV-B funds primarily covered some foster care services. New York had used a portion of its IV-B funds for foster care in the past. However, in 1992, New York chose to dedicate its entire IV-B allocation towards the state's preventive services program, which provided placement prevention, family reunification, and aftercare services separate from its family preservation program.

These three states use most, if not all, of their Title XX allocations for services other than child welfare. New York uses 76 percent of its block grant primarily to provide day care for children, services for the elderly, and homemaking assistance to families. Michigan spends 52 percent of its Title XX block grant on similar services. The remaining Title XX moneys in New York and Michigan are used for child welfare services, including placement prevention and family reunification, which are apart from their family preservation programs. California does not use any of its Title XX allotment for child welfare services, but instead uses its block grant for in-home supportive services for the aged, blind, and disabled.

States Are Trying to Cope With Barriers

States attempt to cope with federal and state funding barriers, as well as foster care caseload growth, through a combination of fiscal and programmatic strategies. Fiscal strategies attempt to shift and reduce foster care costs. In addition, states view family preservation programs as an innovative programmatic option for reducing caseloads and costs, although research has not conclusively supported the long-term effectiveness of this intervention. Nevertheless, because of such promising research states are seeking federal funds from alternative sources in order to continue to operate and expand these programs as one option in the continuum of child welfare services.

Some Coping Strategies Are Fiscally Driven

Some state strategies for coping with funding barriers and caseload growth are fiscally driven. Specific strategies are aimed at shifting state costs to the federal and local governments as well as reducing foster care costs by placing some children in less costly settings.

States Maximize Federal Matching Funds

States can increase federal support of foster care costs by ensuring that all eligible placements and administrative expenses are claimed under Title IV-E. Without federal subsidies for such costs, the states would have to bear the full financial burden. This strategy enables states to free up state moneys to fund services, including family preservation programs, and foster care placements that are not eligible for federal reimbursement.

Officials of the three states we visited said that their states place heavy emphasis on determining Title IV-E eligibility and claiming federal reimbursement for foster care placements whenever possible, despite the burdensome administrative effort often involved. Documenting eligibility typically involves such activities as drafting precise language that must appear in court records or trying to locate an absent parent to establish income-eligibility and deprivation. Despite the burdensome nature of such activities, the financial assistance at stake justifies devoting the necessary resources. The drawback, however, is that these administrative activities consume staffing resources that could otherwise be used to provide direct services to the child.

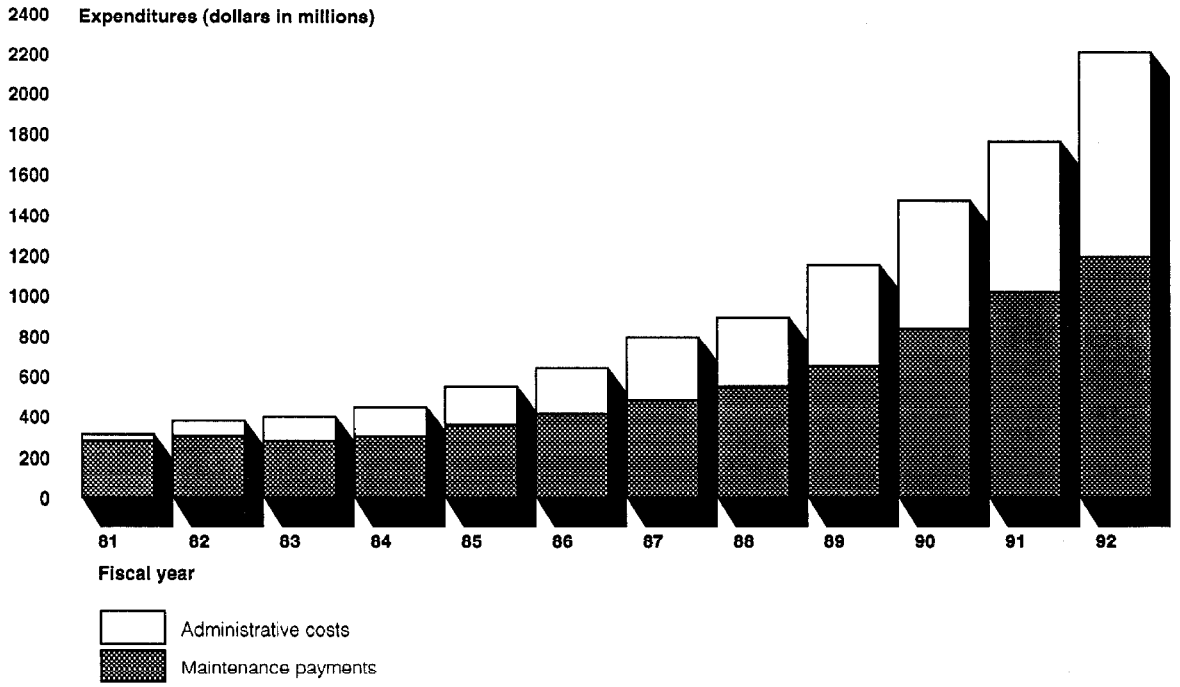
State and local cost-sharing arangements can provide financial incentives to claim federal reimbursement for eligible foster care placements. In New York, for example, the state and local districts each pay 25 percent of the cost for federally eligible placements, while the federal share is 50 percent. For non-IV-E placements, the state and local shares increase to 50 percent each.

States are also placing emphasis on allocating all eligible administrative expenses to IV-E foster care, according to a 1990 report by the Department of Health and Human Services' Inspector General. Some states have even hired consultants to help identify opportunities for maximizing federal funding. As the report noted, administrative costs need not be solely for program "overhead," because HHS regulations implementing Public Law 96-272 allow states to claim costs for services related to foster care placements, such as referrals to services, case plan development, case management, and monitoring activities. States may also claim administrative costs associated with preparing for judicial hearings, including preparing status reports, transportation to and from court, and costs associated with social workers and child welfare professionals appearing in court.

According to the Inspector General's 1990 report, about 20 percent of IV-E administrative costs between 1984 and 1988 related to administration of the program. The remaining 80 percent could be characterized as activities associated with placement prevention and family reunification, such as referrals to those services, and should more appropriately be called child placement services or case management and supervision. In 1990, legislation was enacted (P.L. 101-508) mandating states to claim Title IV-E administrative expenses in a manner that better differentiates between major types of reimbursable activities, such as child placement services or eligibility determinations. When we concluded this review in November 1992, nationwide trend information on this issue was not readily available.

States are claiming an increasing proportion of their Title IV-E costs for administrative activities. As shown in figure 3.1, the administrative portion of total IV-E foster care costs grew from 10 percent in 1981 to 46 percent in 1992. The amount of administrative costs claimed by states in the aggregate grew by 3,248 percent during the same period.

Figure 3.1: Title IV-E Administrative Costs Have Increased Dramatically



In its 1990 report, the HHS Inspector General attributed much of the increase in administrative costs to the expanded definition of allowable administrative activities provided in the HHS regulaions implementing Public Law 96-272 and a broad interpretation of that definition by the HHS Departmental Appeals Board.[1] Other factors contributing to the increases were (1) the states' use of consultants to advise on maximizing federal reimbursement, (2) increases in the number of Title IV-E children, (3) expansion in the number of caseworkers, and (4) cost-of-living increases for state employees.

States Shift Costs to Localities

Another strategy states have used in response to fiscal distress is to shift costs to localities. States believe that placing a greater financial burden on local governments will motivate localities to contain costs. In California, for example, the state changed the funding relationship with its counties because of a state fiscal crisis. Faced with a $14-billion budget deficit in

[1]Departmental Appeals Board decision, Case Number 844, March 1987, involving the State of Missouri.

1992, the state increased the portion of foster care costs that counties must support with local funds. According to state officials, the premise was that, if counties were responsible for a greater share of the costs, actions would be taken at the local level to control caseloads. The sharing ratios in California before and after this realignment of costs are shown in table 3.1.

Table 3.1: State and Local Share of Foster Care Maintenance Costs in California

Figures are in percent

	Federally eligible placements[a]		Nonfederal placements	
	Before July 1991	Effective July 1991	Before July 1991	Effective July 1991
State share	47.5	20.0	95.0	40.0
Local share	2.5	30.0	5.0	60.0
Total nonfederal share	50.0	50.0	100.0	100.0

[a]Federal share is 50 percent.

Specialized Family Foster Care Is a Less Costly Alternative to Group Care

Another strategy states have increasingly adopted involves the use of specialized family foster care[2] as an alternative to more costly group care or residential treatment. This strategy enables children with special needs, who would not ordinarily be placed in traditional family foster care, to be placed in the more nurturing and less expensive setting of a foster family home. States also view this form of care as a needed response to the growing numbers of more troubled and younger children coming into foster care.

A key difference between specialized and traditional family foster care involves the role of the foster parent. Specialized care typically involves therapy or treatment that is provided in the foster home. Specialized foster parents are carefully selected to handle the types of problems they are likely to encounter. In addition, compared with traditional foster parents, specialized foster parents generally

- are paid at a higher rate,
- receive more intensive support and supervision from agency social work staff, and
- have access to a more comprehensive, flexible array of services, such as medical, special education, counseling, support groups, and respite care.

[2]Other terms also used are professional, treatment, medical, and therapeutic foster care.

Specialized family foster care programs serve children and adolescents with a variety of special needs, including those who are severely emotionally disturbed, medically complex or fragile, HIV positive, severely developmentally disabled, or delinquent. Many of these children would otherwise be placed in a group care setting, such as a residential treatment facility or psychiatric institution, where they would be under 24-hour supervision and receive needed services and treatment.

Although specialized care is more expensive than traditional family foster care, it is a less costly alternative than group care. For example, one specialized family foster care program in Michigan demonstrated that emotionally disturbed and delinquent youth can be provided with virtually the same level of services as they would receive in residential care at approximately half the operating cost. Another specialized family foster care program serving children with complex medical conditions in Illinois was able to save as much as $14,000 a month per child by making it possible for children to live with foster families rather than remaining in hospitals for extended periods.[3]

Specialized family foster care is a relatively new placement alternative that is growing in popularity. In California, the number of specialized foster care agencies has doubled from 71 agencies in 1984 to over 140 agencies in 1990. These agencies served approximately 3,422 children in 2,553 specialized foster care homes in 1990. New York enacted special legislation in 1989 to pilot specialized foster care and, beginning in 1991, 18 of its 58 local districts received start-up moneys.

Family Preservation Programs Viewed as an Option for Reducing Caseloads

Research on the effectiveness of family preservation programs has yielded promising results about such programs' ability in the short term to reduce the need for out-of-home placement and, in doing so, reduce foster care costs. However, little is known about the long-term effectiveness of family preservation services or how they compare with other less intensive, traditional child welfare services. Nevertheless, states view the research as promising enough to initiate family preservation programs and seek additional federal funding. Researchers and state officials view family preservation programs as one option or strategy along a continuum of child welfare services for abused and neglected children and their families.

[3]J. Terpstra, "Specialized Family Foster Care," The Medically Complex Child: The Transition to Home Care, Harwood Academic Publishers, New York, 1990.

While the family preservation research has mostly focused on outcome measures, such as placement avoidance, relatively little is known about the client or program characteristics that result in those outcomes. Details about characteristics as well as reported findings from major foster care studies and methodological problems inherent in most of the recent research are in appendix I.

Early Research Encouraged States to Initiate Family Preservation Programs

Evaluations of family preservation programs have reported some promising, yet inconclusive findings. Despite the ambiguity of the research on the long-term effectiveness of such programs, states have been sufficiently encouraged by the short-term results to initiate pilot programs with nonfederal funds in an effort to reduce foster care caseloads and costs.

Research Is Promising, but Inconclusive

Studies indicate with some consistency that family preservation programs can preclude the need for foster care placement and improve functioning for many of the families that participate in such programs. Various studies found that between 44 and 96 percent of study families remained intact after receiving family preservation services. These families were also more likely to experience significant increases in family functioning and parenting skills.[4]

However, little is known about the key topic of family preservation programs' long-term effects on the need for foster care placement, because evaluations typically follow clients for only a maximum of 1 year. Although few longitudinal evaluations have addressed the question of long-term effectiveness, some evidence suggests that benefits from family preservation services decline over time. For example, a 1990 New Jersey study found that foster care placement rates began to climb less than 9 months after participants completed the family preservation program.[5]

[4]L. Feldman, Evaluating the Impact of Family Preservation Services in New Jersey, New Jersey Division of Youth and Family Services, Bureau of Research, Evaluation and Quality Assurance, July 1990; M.W. Fraser, et al., Families in Crisis: The Impact of Intensive Family Preservation Services, Aldine de Gruyter, 1991; K. Nelson, et al., Factors Contributing to Success and Failure in Family Based Child Welfare Services: Executive Summary, National Resource Center on Family Based Services, April 1988; I.M. Schwartz, et al., "Intensive Family Preservation Service as an Alternative to the Out-of-Home Placement of Seriously Emotionally Disturbed Adolescents: The Hennepin County Experience," Family Preservation Services: Research and Evaluation, Sage Publications, 1991; A.A. Thieman, et al., Iowa Family Preservation Three Year Pilot Project: Final Evaluation Report, Iowa State University, November 1990; Y.T. Yuan, et al., Evaluation of AB 1562 In-Home Care Demonstration Projects, Volume I: Final Report, Walter R. McDonald and Associates, May 1990; Y.T. Yuan and C.E. Wheeler, Evaluation of State of Connecticut Intensive Family Preservation Services: Phase III Report, Walter R. McDonald and Associates, October 1990.

[5]Feldman, op. cit.

Likewise, only a few evaluations have examined whether families are more likely to avoid foster care as a result of family preservation programs compared with other less intensive child welfare services. Separate studies in California and New Jersey found no significant differences in placement rates between families who participated in family preservation programs and families who received less intensive child welfare services. Unfortunately, these studies did not collect information on the services that were provided to the nonfamily preservation comparison group.[6] More comparative studies are needed to determine the overall effectiveness of family preservation programs versus the less intensive services delivered within a state's traditional child welfare program.

Although several evaluations reported cost savings as a result of family preservation programs' ability to prevent foster care placements, the long-term cost effectiveness is not known because of methodological weaknesses in the way savings were calculated. For example, one family preservation study in Connecticut reported that an average cost per family served was almost $4,800, or about $1,700 per child, over a period of 8 weeks. These costs compared favorably with foster care placement costs that were estimated at about $1,100 per month for an average duration of just over 21 months, or a total of nearly $23,600.[7] This type of calculation assumes that family preservation clients will require no additional services or will succeed in forever avoiding the need for foster care placement. As earlier described, family preservation programs' ability to avert placement on a long-term basis is unknown.

States Nevertheless Initiate Programs

Despite the lack of sound research findings on family preservation programs' ability to reduce foster care caseloads and costs in the long run, states have been encouraged enough to increasingly experiment with this innovative intervention in an effort to combat burgeoning caseloads. Limited federal funding since passage of Public Law 96-272 in 1980 has left states with little choice but to fund most family preservation programs with state moneys. According to a 1991 National Conference of State Legislatures (NCSL) survey, most states finance their family preservation programs through a combination of state appropriations, reallocation of projected state foster care or discretionary funds, and savings of state dollars accrued by maximizing eligible federal foster care claims.

Many states incrementally introduced family preservation by initially funding and evaluating small pilot or demonstration projects and then

[6]Ibid.; Yuan, op. cit.

[7]Yuan and Wheeler, op. cit.

expanding in partial increments to statewide implementation in some cases. For example, in California a three-county pilot project demonstrated that many participating families succeeded in remaining intact 6 months after completing the program. Thereafter, the state legislature initally expanded the program to 12 additional counties and later made it available to all counties.

Because family preservation programs are generally administered at the local level, some states provide fiscal incentives to local child welfare agencies to implement these programs. For example, localities in California and Michigan are advanced set amounts of funding. In addition, localities in these states are often allowed to keep some of the savings resulting from their family preservation programs that they would have otherwise spent on foster care. State funding mechanisms and the extent of coverage for family preservation programs varied in the three states we visited, as shown in table 3.2.

States Seek Federal Funding to Continue to Operate and Expand Programs

The previously mentioned 1991 NCSL survey found that no state has systemwide, universal access to family preservation programs. However, heightened interest in diverting at-risk children from foster care placement and the desire to reunite children in foster care settings with their families has led several states, including the three states we visited, to broaden access to family preservation programs. In order to continue to operate and expand such programs, states are increasingly seeking alternative sources of federal funding.

Even in states with a statewide family preservation program, not all localities may decide to participate. The current climate of strained fiscal conditions has increasingly discouraged localities from broadening access to these programs. For example, New York funds 100 percent of the start-up costs of new projects for the initial 9 months. After this start-up period, local districts must absorb family preservation program costs into their mainstream program of child welfare services, which is funded 75 percent by the state and 25 percent by localities.

In California, concerns about long-term fiscal consequences have made counties wary about participating in the statewide family preservation program. Counties may allocate a portion of their projected state foster care costs to fund family preservation programs. However, counties must fund the excess if cost overruns are incurred.

Table 3.2: Family Preservation Programs in Three States

	California	Michigan	New York
Year started	1989	1988	1991
Funding mechanism	State annually advances a portion of the county's projected state foster care expenditures	Specific appropriation in state budget; state funds all costs	State funds all of local district's start-up costs for initial 9 months
Coverage (as of April 1993)	Originally piloted in 3 of state's 58 counties; subsequently became a statewide program, with 13 counties opting to participate	Statewide program available in 81 of state's 83 counties	Statewide program, with 11 of state's 58 local districts opting to participate

Worsening fiscal pressures in recent years have prompted some states to seek additional funding from federal sources other than mainstream revenue sources for operating or expanding their family preservation programs. In the absence of sufficient funding under Titles IV-B and XX to fund their desired level of such services (see ch. 2), according to the NCSL survey, states are seeking federal reimbursement from other uncapped entitlement programs under the Social Security Act, including Titles IV-A emergency assistance, XIX Medicaid, and IV-E administration.[8]

Family Preservation Programs Are Viewed as One Option in Continuum of Services

Researchers and state officials alike recognize that family preservation programs are not a panacea, but should be a component in the array of services states offer to abused and neglected children and their families. Although the research has shown to a limited extent that services provided under family preservation programs can be beneficial for many families, how large its role should be as part of the continuum of child welfare services is unclear. Further development of placement prevention programs is needed, but such programs will not meet the needs of many families entering the child welfare system. Therefore, researchers caution that the development of family preservation programs should not eclipse the need for other service options for families, including better foster care.

New York provides an example of how its family preservation program is part of a continuum of child welfare services. Under the state's preventive services program, each local district must offer a series of core child

[8]Title IV-E administrative cost reimbursement may be claimed for costs associated with case management.

welfare services. The purpose of this program is to avoid the need to place or keep a child in foster care through placement prevention, family reunification, and aftercare services. These preventive services for children and their families are mandated when an out-of-home placement is likely without regard to client income. Family preservation programs—if implemented by a local district—are viewed as one option for delivering preventive services for families who are in severe crisis and for whom out-of-home placement is expected to occur immediately without this intervention. However, family preservation programs are not intended to replace the other preventive services local districts are mandated to offer.

Conclusions and Matter for Congressional Consideration

Conclusions

The Adoption Assistance and Child Welfare Act of 1980 requires states to prevent the unnecessary placement of children in foster care and to reunite foster children with their families whenever possible. Funding barriers constrain states' ability to accomplish these goals. Specifically, state efforts are hindered by the capped, limited availability of federal funding for direct child welfare services under Titles IV-B and XX and their inability to use Title IV-E foster care funds for innovative services. As a result states can more readily house the growing foster care population in federally subsidized care, but must rely largely on state resources to fund services designed to preserve families.

Amid shrinking revenues, burgeoning foster care caseloads and costs coupled with competing demands for other publicly financed services have exhausted state funds that could otherwise be used for family preservation services. Yet, the Social Security Act does not offer the authority or flexibility—present for other entitlement programs under the act—to use Title IV-E foster care funds to demonstrate and evaluate service innovations. Such innovations could mitigate state fiscal predicaments and further the 1980 legislative goals of preventing unnecessary out-of-home placements and reuniting foster children with their families.

Family preservation programs represent a new addition to the array of child welfare services states deliver to keep families together. States have increasingly experimented with this innovative intervention in an effort to combat dramatic increases in foster care caseloads and costs. Although research on family preservation programs has been promising in the short-term, similar research on long-term effectiveness has been lacking.

Matter for Congressional Consideration

There are several legislative proposals before the Congress that would variously reform child welfare services. In any child welfare legislative proposal, the Congress may wish to consider amending the Social Security Act so that the Secretary of HHS could waive state compliance with certain Title IV-E requirements, similar to waiver authority present for Titles IV-A and IV-D. Such waivers could permit any state to submit a request to (1) waive the current prohibition against using IV-E funds for direct services, (2) demonstrate the provision of family preservation services using IV-E funds, and (3) rigorously evaluate the long-term effect of such services on preserving or reuniting families.

Major Evaluations on Foster Care and Family Preservation Services

Foster care and family preservation evaluations shed little light on the circumstances under which foster care and family preservation services are most appropriate or successful. Family preservation programs have been more widely evaluated than foster care in recent years, and the availability of information related to what interventions work best for whom reflects this phenomenon. In this appendix, we describe our methodology for addressing the topic of what works best for whom, what the research has reported, evaluation methodology weaknesses, and additional details about the major evaluations.

Methodology

To identify major evaluations that address the circumstances under which foster care and family preservation services are most appropriate or successful, we conducted a computerized literature search and asked child welfare experts to identify what they considered to be the major studies. These included recent studies with relatively rigorous methodologies, large size or scope, or both. We did not attempt to evaluate the accuracy of these evaluations, but only to capture the best thinking currently in these areas. A bibliography of the literature we reviewed appears at the end of this report.

Child welfare experts with whom we spoke included professionals affiliated with many of the major organizations that deal with child welfare, family preservation, and foster care issues; faculty at major universities in the United States and Canada involved in child welfare research; cognizant officials from the Department of Health and Human Services; and several local child welfare agency officials in California. A list of the organizations and experts we contacted is contained in appendix III.

In reviewing the evaluation literature, we identified the circumstances under which the two interventions were most appropriate or successful in two ways. First, we sought out information on the characteristics of the families and children that were correlated to successful or unsuccessful outcomes. Second, we looked for the characteristics of the program or service-delivery model that might have contributed to participants' success or failure in the program.

Circumstances Leading to Successful Outcomes Are Not Clearly Defined

Because recent available literature and studies related to the issue of what works best for whom are more numerous for family preservation services, we address that intervention first, which is followed by research results on foster care.

Family Preservation Services

As described in chapter 3, evaluations indicate with some consistency that family preservation services can preclude the need for foster care placement and improve functioning—two outcome measures often used—for many families who participate in such programs.

A few evaluations have examined the client characteristics associated with those positive outcomes. Not surprisingly, families with relatively few problems had the best outcomes. According to the evaluation literature, children and families who had few problems overall and who were motivated to remain together were more likely to avert the need for foster care placement after receiving family preservation services. Children in such families generally were not adolescents or delinquents, and they typically had no prior foster care placements.[1]

Very few evaluations have examined which services offered by family preservation programs most benefit clients. Little consensus exists on the characteristics of the program or service-delivery model that contribute to successful family preservation. To a limited extent, studies agree that program success is linked to such factors as personalized assistance, caseworkers carrying small caseloads, and delivery of services in the family's home.[2] One study of 11 family preservation programs in six states concluded, at best, that the unique circumstances under which each program operates must be assessed in order to understand what will best meet clients' needs.[3]

Foster Care

The foster care evaluations we reviewed used different outcome measures, such as child development, improvement in child functioning, ability to adapt to living situations, and manner in which placement terminated. As a result, study findings generally were not comparable. Several examples

[1]Nelson, op. cit.; Schwartz, op. cit.; Thieman, op. cit.; Yuan, op. cit.; Yuan and Wheeler, op. cit.

[2]A.J. Grasso and J. Abbey, "Survey of the Literature on Home-Based Service Effectiveness," Family- and Home-Based Services: Strategies for Strengthening Families and Preventing Out-of-Home Placement, University of Nebraska Press, (in press).

[3]Nelson, op. cit.

illustrate the differences found in various foster care studies with respect to evaluation methodology and results.

- One study compared children in family foster care with children whose biological families received limited in-home supportive services. This evaluation found that family foster care provided an improved physical, social, and family environment than the homes from which children were removed.[4]
- Another family foster care study involved an extensive, longitudinal assessment of foster children's life experiences before, during, and after placement. According to this study, most children in family foster care adapted well to placement, as indicated by their subsequent ability to either remain in stable foster family placements or be reunited with their families. In addition, most of the well-adapted children were healthier and more productive as adults than the children who had not adapted well to their foster care placements.[5]
- Yet another study compared children in specialized family foster care in the United Kingdom with similar children in residential care. This study found that (1) the performance of children in specialized family foster care was slightly better and (2) such children were less violent and truant and were better behaved at home and school than their residential care counterparts.[6]

Few foster care evaluations have examined client characteristics that result in successful placements in either family foster homes or group care settings. The few studies of family foster care carried out to date suggest that younger children adapt best to placement in a family foster home and that children without multiple prior placements adapt or function better than children with extensive placement histories.[7] Studies of group care suggest that children who adapt well to group care placement tend to (1) be younger and better functioning when they enter care[8] and (2) have

[4]M.S. Wald, "Family Preservation: Are We Moving Too Fast?" Public Welfare, Summer 1988.

[5]D. Fanshel, S.J. Finch, and J.F. Grundy, Foster Children in a Life Course Perspective, Columbia University Press, New York, 1990.

[6]M.J. Colton, Dimensions of Substitute Child Care: A Comparative Study of Foster and Residential Care Practice, Gower Publishing Company, Brookfield, VT, 1988.

[7]Fanshell, op. cit.; E. Fein, et al, No More Partings: An Examination of Long-Term Foster Family Care, Child Welfare League of America, Washington, D.C., 1990.

[8]M.E. Allerhand, R.E. Weber, and M. Haug, Adaptation and Adaptability: The Bellefaire Followup Study, Child Welfare League of America, New York, 1966.

biological parents who remain involved and are supportive before, during, and after placement.[9]

The characteristics of effective foster care services have also drawn little research interest. According to one evaluation, the presence of a competent, caring adult and a good match between the needs of the child and skills of the foster parents are important factors affecting the quality and stability of a foster care placement.[10] Other recent studies found that group care programs that are closely integrated with community-based support services can more successfully facilitate a child's reintegration into the community after emancipation from care.[11]

Most Evaluations Have Methodological Problems

What child welfare interventions work best with what types of children and families has not been widely evaluated, according to researchers. Foster care has been studied to a lesser extent than family preservation services. Because of methodological problems in most studies, it is difficult to draw firm conclusions or base policy on them.

According to researchers, one of the biggest gaps in existing research is the lack of studies comparing children at home with those in foster care. To be comparable, children need to be assigned to experimental and control groups through random assignment. However, judges and social workers involved in child welfare cases are reluctant to randomly assign children because of serious ethical concerns. More often than not, professionals will remove seriously abused or neglected children from their homes rather than risk subsequent harm to the child. Also, because of this, workers will often refer families with less critical needs to family preservation programs, skewing research results. Tools for assessing whether a child who remains at home is at risk of continued abuse and neglect are currently being developed and evaluated, according to the American Public Welfare Association, but so far have proven highly unreliable.

Other common limitations of many foster care and family preservation evaluations include

[9]J. Whittaker, "Group Child Care Services," The Child Welfare Challenge: Policy, Practice and Research, Aldine de Gruyter, New York, (in press).

[10]Wald, op. cit.

[11]K. Wells, E. Wyatt, and S. Hobfoll, "Factors Associated with Adaptation of Youths Discharged from Residential Treatment," Children and Youth Services Review, Vol. 13, 1991, pp. 199-216; Whittaker, op. cit.

- inadequate sample size, which limits studies' ability to generalize,
- lack of consistent outcome measures, which makes comparing study results difficult,
- a short timeframe for aftercare follow-up, which may provide insufficient evidence of overall effectiveness,
- inadequate data sources, which resulted in (1) much of the data being qualitative in nature and (2) difficulty in developing statistical measures, and
- bias in sample selection due to (1) lack of random assignment or (2) services being provided to those who are not at imminent risk of foster care placement.

Additional studies are under way. In particular, we identified several ongoing family preservation evaluation efforts that hope to overcome some of the methodological problems of past evaluations. Researchers and HHS officials hope such efforts will lead to a better understanding of which families are best served by family preservation programs, among other issues of importance to child welfare policy decisionmakers. For example, researchers at the University of Chicago, Chapin Hall Center for Children, are conducting a statewide randomized study involving about 2,000 Illinois families. In February 1993, HHS developed a comprehensive design methodology for evaluating family preservation programs in order to assist researchers in producing more definitive findings. Federal grants for research and demonstration projects are also available under HHS's annual coordinated discretionary funds program; however, grant amounts are generally small and can cover a wide range of child welfare topics.

Major Evaluations

Based on our literature search and contacts with child welfare experts, we identified 11 major evaluations—4 on foster care (tables I.1-I.4), and 7 on family preservation services (tables I.5-I.11). Details on program characteristics; objective, scope, and methodology; and evaluation results for each of these evaluations follow.

Table I.1: Foster Children in a Life Course Perspective (Fanshel, Finch, and Grundy, 1990)

Program characteristics	
Coverage	Casey Family Program; long-term family foster care.
	Children who previously experienced large number of out-of-home placements and have little prospect of reuniting with their families.
Services	Long-term foster care provided in family homes.
	Agency staff and foster parents paid higher than average.
	Caseloads average 12 to 15 per worker.
Objective, scope, and methodology	
Objective	Determine important aspects of preprogram life experiences of children and trace course of their adjustments while in program care and afterward.
Study group	A total of 585 children.
	Retrospective longitudinal study; content analysis of closed case files.
	Follow-up study of 106 subjects were interviewed, average 7 years after leaving program.
Outcomes measured	Manner of termination from program, ability to adapt to living situations, and adjustments as adults to various areas of life.
Evaluation results	
Outcomes	About 75 percent of the children successfully completed or left program having emancipated from care or returned to their parents; 21 percent returned to court, public social service agency, or both because they did so poorly in their placements; 4 percent ran away from foster homes and did not return to program's care.
	Overall, program provided some degree of stability for children who would typically be expected to be placed in group settings.
Characteristics of effectiveness	Children who adapted less well to family foster care and failed program tended to have hostile or negative personalities at entry that worsened if they had been physically abused or experienced great number of prior placements, and a history of delinquency.
	These children went on to have more extensive histories of juvenile delinquency, adult criminal behavior, serious drinking and substance abuse problems, poorer housing and education attainment, and were less well-off financially.
	Children without aforementioned characteristics experienced fewer living arrangements, adapted well to program, and were on average more successful and healthy adults in terms of better housing conditions, more stable and satisfactory income, more satisfying social relationships, better physical health, and much stronger sense of emotional well-being.
Conclusions	Success or failure of foster care placement is largely a matter of chance.
	No strong evidence that worker and agency learn factors related to failure or characteristics of foster home that are necessary for successful placement.
	Some children may require foster care placements until they reach adulthood, as adoption is not a likely option; this is particularly true of older children who come into care with multiple unsuccessful placement experiences behind them and have problems trusting parental figures.
	Data are not strong enough to offer definitive conclusions.

Table I.2: No More Partings: An Examination of Long-Term Family Foster Care (Fein, Maluccio, and Kluger, 1990)

Program characteristics	
Coverage	Children in foster care at least 2 years in Connecticut.
Services	Regular service-delivery of public services agency.
Objective, scope, and methodology	
Objective	Determine impact of long-term foster care on children.
Study group	A total of 779 children.
	Data collected primarily from state's computerized management information system and interviews with caseworkers and foster parents.
Outcomes measured	Child's functioning—school, behavioral, emotional and developmental, and family adjustment.
Evaluation results	
Outcomes	Most children were in stable foster care placements and functioning positively after 2 years.
Characteristics of effectiveness	Children with higher overall functioning scores were likely to be female; nondisabled; had spent more time in current placement; had fewer placements; had good relationships with foster parents; and were considered better prepared for emancipation.
	Children functioning poorly were more likely to have had more frequent foster care placements and experienced other types of out-of-home placements.
Conclusions	Findings should be interpreted with caution; outcome of foster care placement, whether measured in terms of children's functioning or stability, depends on a complex set of factors that are interactive rather than on a series of causal relationships.
	No easy answers to enable child welfare practitioners to apply specific interventions to achieve successful outcomes.

Table I.3: Protecting Abused and Neglected Children (Wald, Carlsmith, and Leiderman, 1988)

Program characteristics	
Coverage	Two groups of abused and neglected children in three California counties.
Services	Children in one group were left in their own homes; families received in-home services, including weekly or biweekly caseworker visits, emergency respite care, child care, mental health therapy, housing, medical care, and homemaker assistance for 6 months; no services were received for remaining 18 months of study period.
	Second group of children were placed in family foster care; families or children received typical program services, including biweekly or monthly caseworker visits and some mental health therapy.
Objective, scope, and methodology	
Objective	Explore consequences of alternative intervention strategies.
Study group	A total of 32 children—13 in foster care and 19 at home.
	Compare the development of two groups of children over a 2-year period.
	Third study group of 30 children who were neither abused nor neglected.
Outcomes measured	Child development, including physical health, cognitive development, academic performance, social development, children's perspectives about their lives, and emotional environment within child's home.
Evaluation results	
Outcomes	Foster care placement provided improved physical, social, and organized family environment; foster home provided setting with more structure and fewer extremes.
	At the end of 2 years, 70 percent of foster care children were in stable placement.
	Improvements in home group were matter of degree; no instances existed where neglectful behaviors or all physical punishment ceased completely.
Characteristics of effectiveness	No single feature predicted successful outcome at home or in foster care; presence of competent, caring adult seemed to be most important factor.
	Quality, as well as stability of foster home, influenced impact of foster care on child; influencing factors included match between needs of child and skills of foster parents, presence of other children in home, and attitude of family toward child.
Conclusions	Results must be viewed as tentative since sample size was small and most changes were not substantial.
	Outcomes for both foster care and home groups were probably influenced by quality of foster homes and services provided to home families, respectively.

Table I.4: Comparative Study of Specialized Family Foster Care and Residential Care (Colton, 1988)

Program characteristics	
Coverage	Covered 12 specialized family foster homes and 12 residential care facilities in the United Kingdom.
Services	Residential care facilities included multipurpose homes, hostels, and family group care.
	Foster children were older and considered difficult to place; before inception of specialized family foster care, they would have been placed in residential care.
Objective, scope, and methodology	
Objective	Delineate and compare care provided in specialized foster homes and residential care facilities for older children, ages 12 to 17.
Study group	A total of 168 foster children.
	Data collected through direct observation and interviews with foster parents and residential care staff.
Outcomes measured	Management of daily social events, provision of physical amenities, methods used by parents and staff to control child, and overall progress while in placement.
Evaluation results	
Outcomes	Overall performance of specialized family foster care children somewhat better than residential children in areas, such as absconding, physical violence, truancy, and school behavior problems.
	Both groups showed general improvement when behavior in placement compared with performance before placement.
	Family foster care group scored higher with regard to children's satisfaction with placement, management of daily functions, and community contacts.
	Family foster care children were in somewhat better environment, as foster parents used more effective and appropriate control techniques and interacted in more approving and warm way with children.
Characteristics of effectiveness	None stated.
Conclusions	Observed differences between two groups for various areas of behavior examined were not found to be statistically significant.

Table I.5: National Resource Center on Family Based Services (Nelson and others, 1988)

Program characteristics	
Coverage	Eleven programs in six states.
Services	Teaming of workers.
	Programs provided by five public and five private social services agencies and one community mental health center.
	Five in-office programs and six in-home programs.
Duration	Ranged from 3 to 11 months and averaged 7 months.
Intensity	Overall average of five contacts in first month of service.
Caseload per worker	Eight for in-home programs; 20 for in-office programs.
Objective, scope, and methodology	
Objective	Identify service and client charateristics that contribute to success and failure in FPS.
Study group	A total of 533 closed cases.
Outcomes measured	Placement, goal achievement, family functioning, and service status of families at termination.
Evaluation results	
Outcomes	Placement averted at rates ranging from 75 to 96 percent, with average of 84 percent.
	Most families achieved at least half of their case objectives.
	Nonplacement cases showed higher levels of goal achievement and change in family functioning.
	Most families required further services after completing program.
	Nonplacement families were more likely to be independent of services at termination.
Characteristics of effectiveness	High risk of placement for children with prior group or institutional placements and families with more severe problems, problems related to adolescence, and no motivation to receive services.
	Families benefit from longer service duration.
	Direct services, such as accompanying client to an appointment, advocacy, and case management, and other concurrent mental health and social services may not help families avoid placement.
	Families can benefit from educational and supportive services.
	Programs that offer more focused, shorter term office-based services to families with fewer risk factors prevent placement in most cases.
	Programs offering more comprehensive, in-home services to families with more risk factors have higher placement rates.
Conclusions	No single set of variables emerged that predicted placement for all types of families in all types of agencies.
	Family characteristics, services, and outcomes are interdependent; no single formulation of service length or location can ensure high success rates.
	Unique circumstances under which each FPS program operates must be assessed to meet the needs of its clients.

Table I.6: Family-Based Intensive Treatment Project (Fraser, Pecora, and Haapala, 1991)

Program characteristics	
Coverage	FPS programs at six sites—two in Utah and four in Washington.
Services	Based on Homebuilders model; crisis-oriented, intensive services; therapists were on call 24 hours a day and worked with families in their homes. Utah: State public child welfare agency staff directly provided FPS. Washington: State contracted with a private agency.
Duration	Utah: 60 days; Washington: 30 days.
Intensity	Utah: 39 hours per case; 23 hours direct contact. Washington: 36 hours per case; 21 hours direct contact.
Caseload per worker	Utah: four to six families; Washington: two to three families.
Objective, scope, and methodology	
Objective	Identify characteristics of families and children served by the programs, types of services provided, changes in functioning, rates of placement, and correlates of service success and failure.
Study group	A total of 453 families for whom pre- and post-treatment data were collected. Collected follow-up data on 263 families 12 months after coming into the program. Small comparison group of 26 Utah families studied to estimate failure rates in the absence of FPS; group consisted of families referred to the program but not served because therapists had full caseloads.
Outcomes measured	Placement and parent and child functioning.
Evaluation results	
Outcomes	At case termination, 93 percent of FPS children remained with their families or relatives. Of the children followed for 12 months, 67 percent remained with their families or relatives. Placement avoided for 15 percent of children in case overflow comparison group after receiving traditional child welfare or mental health services. Participation in FPS programs highly correlated with improvements in children's behavior, parenting skills, social supports, and conditions in the home.
Characteristics of effectiveness	Placement more likely for families where parents request out-of-home placement, are openly hostile toward their children, and have poor verbal discipline skills. Higher risk of placement for children with extensive intervention histories, drug involvement, truancy, delinquency, oppositional behaviors, and mental illness. Concrete services, especially those that showed family members how to obtain services, appeared to be a critical ingredient in providing effective treatment. Greater attainment of specific treatment goals positively associated with success; related services were relationship building, support activities, and behaviorally oriented. Where treatment failed, families needed more intensive counseling, more services in general, and better aftercare services.
Conclusions	Although client characteristics were associated with treatment success and failure, their use was discouraged for screening potential FPS clients; reasons for this included lack of perfect correlates of success and failure—families with high-risk profile often succeeded—and many programs are still formative and developing.

(continued)

Conclusions	Placement prevention findings should be viewed with caution; data, in and of themselves, do not provide sufficient evidence to claim that the program model described in this study was more effective than conventional child welfare services. No true control group or large comparison groups were used.

Table I.7: Evaluation of California In-Home Care Demonstration Projects (Yuan and others, 1990)

Program characteristics	
Coverage	Covered eight in-home care demonstration projects in California.
Services	Based on Homebuilders model; licensed therapists provide intensive services in family's home.
	Projects established by seven private, nonprofit agencies and one specialized mental health agency.
Duration	A period of 7 weeks.
Intensity	A total of 60 hours per case; 32 hours direct contact.
Caseload per worker	Unknown.
Objective, scope, and methodology	
Objective	Assess impact of intensive in-home services on families and children.
	Comparison study designed to determine rate of placement prevention for similar families who did not receive FPS.
Study group	Involved 709 families, including 1,740 children.
	Follow-up data collected 8 months from date of referral.
	Comparison study consisted of random assignment of 152 project families who received intensive in-home services and 152 families who received other child welfare services.
Outcomes measured	Placement and family functioning.
Evaluation results	
Outcomes	Placement avoided by 80 percent of families.
	Families generally improved after receiving FPS, particularly in such areas as money management and parenting skills.
	Comparison study found no significant differences in placement rates between FPS and comparison groups.
Characteristics of effectiveness	Placement more likely for families who were on public assistance, with a caretaker with at least one disability, subsequent investigations of abuse or neglect, more problems, and less intensive services being delivered.
	Placement more likely for children who were at high risk of neglect, between ages of 5 and beginning of puberty, disabled in some way, and court dependents.
	Nonplacement families received more intensive services.
Conclusions	Many socioeconomic contributors to parenting cannot be immediately changed, such as previous placement, reliance on public assistance, and disabling conditions.
	Chronic neglect issues and supervision of teenagers appeared more difficult to change than parenting issues related to physical abuse.
	FPS appears to especially influence attitudes and approaches to solving problems and resolving stressors.
	Determining and targeting families at imminent risk of placement were particularly difficult barriers to service implementation.

Table I.8: Evaluation of Family Preservation Services in New Jersey (Feldman, 1990)

Program characteristics	
Coverage	State pilot family preservation program in 4 of New Jersey's 21 counties.
Services	Homebuilders model; intensive in-home services. State contracted with private agencies.
Duration	Median 6 weeks.
Intensity	A total of 48 hours per case; 31 hours direct contact.
Caseload per worker	Unknown.
Objective, scope, and methodology	
Objective	Determine program effectiveness in preventing out-of-home placement. Measure change in family functioning. Evaluate long-term effects of FPS. Attempt to identify relationships between key variables and outcomes of program families.
Study group	Random assignment of 96 families to receive FPS and 87 control group families to receive traditional community services. Experimental design involved pre- and post-service assessment. Follow-up data collected up to 12 months after service completion.
Outcomes measured	Placement, family functioning, level of social support, goal achievement, and client participation.
Evaluation results	
Outcomes	At service termination, 93 percent of FPS families and 85 percent of control families averted out-of-home placement. After 12 months posttermination, 54 percent of FPS families and 42 percent of control group families averted placement. After 9 months posttermination, any net intervention effect in terms of placement avoidance appeared to dissipate. FPS families and, in most cases, control families improved their functioning.
Characteristics of effectiveness	Family characteristics were not significantly related to likelihood that a child would enter placement. FPS families who experienced placement were more likely to be minority, have poor parenting skills, and have a child with behavior or emotional problems.
Conclusions	Outcomes for FPS and control group families were not significantly different. Services received by control group were not tracked; traditional community services could have provided effective tools for handling child-related problems. Based on variables used, it was not possible to develop a model that would predict placement outcome with high degree of probability.

Table I.9: Iowa Family Preservation 3-Year Pilot Project (Thieman, Fuqua, and Linnan, 1990)

Program characteristics	
Coverage	Pilot project in six of Iowa's eight child welfare agency districts.
Services	Homebuilders intensive service model; focus on crisis management and skill building in family's home. Caseworkers on call 24 hours a day.
Duration	Average 45 days.
Intensity	About 58 hours per case.
Caseload per worker	On average two to four cases.
Objective, scope, and methodology	
Objective	Evaluation component of 3-year pilot project.
Study group	Involved 747 families, including 1,970 children. Follow-up data collected 30 days, 6 months, and 12 months after case closed.
Outcomes measured	Placement and pre- and post-service assessment of family functioning.
Evaluation results	
Outcomes	At service completion, 69 percent avoided placement. After a year, 66 percent remained intact. Family functioning improved significantly, especially for families who remained intact.
Characteristics of effectiveness	Highest risk of placement for families with multiple functioning problems, low incomes, and children with delinquency problems. Difficult to provide basic needs for a family when few resources available.
Conclusions	Because of lack of comparison group, impossible to determine how many children might have entered foster care without FPS. Unable to determine family profile to effectively predict placement. Many families whose characteristics indicated FPS should be successful in avoiding placement ended up with some children in placement.

Table I.10: Evaluation of Connecticut Intensive Family Preservation Services (Yuan and Wheeler, 1990)

Program characteristics	
Coverage	Included three of seven state-funded programs in Connecticut.
Services	Basic FPS model involving trained staff providing intensive in-home services to families. Service provided by nonprofit agencies.
Duration	Average 8 weeks.
Intensity	A total of 70 hours per case; 41 hours direct contact.
Caseload per worker	Unknown.
Objective, scope, and methodology	
Objective	Unknown.
Study group	Involved 228 families, including 631 children. Follow-up data collected at 6 and 12 months to determine placement outcomes for 160 families.
Outcomes measured	Placement and family functioning.
Evaluation results	
Outcomes	No placement experienced by 70 percent of families after 12 months, and none experienced by 76 percent after 6 months. Overall, positive impact on family functioning, particularly improved parenting skills.
Characteristics of effectiveness	Placement more likely for families with more problems, impaired caretakers, and children with prior placement history. Most common risk factors for all children were neglect, abandonment, and physical abuse.
Conclusions	None stated.

Table I.11: Intensive Family Preservation Service in Hennepin County, Minnesota (Schwartz, AuClaire, and Harris, 1991)

Program characteristics	
Coverage	County intensive home-based treatment unit. Families exhibited numerous problems; all had a seriously emotionally disturbed adolescent between ages 12 and 17.
Services	Trained social workers provided services in family's home using structural family therapy and case teaming.
Duration	Goal of 4 weeks.
Intensity	Various.
Caseload per worker	A total of two families.
Objective, scope, and methodology	
Objective	Determine extent to which new FPS unit succeeded in serving as an alternative to out-of-home placement. Determine whether the unit is more effective with particular kinds of cases than with others.
Study group	Involved 58 cases unsystematically assigned to FPS treatment group and 58 cases randomly assigned to comparison group. All children approved for out-of-home placement before entering study; comparison group children were placed in foster homes, hospitals, group homes, and residential treatment centers. Cases followed 12 to 16 months from date of referral.
Outcomes measured	Placement type, number of episodes, and length of stay.
Evaluation results	
Outcomes	Of the FPS group, 44 percent remained in their own homes throughout study period; 56 percent experienced some type of placement. Of those children placed, 55 percent of FPS group and 64 percent of control group experienced multiple placements. Virtually no difference between two groups with respect to total number of placement episodes. Comparison group spent more days in placement.
Characteristics of effectiveness	Case characteristics suited to FPS not meaningfully addressed because of small sample size. FPS appeared less successful with children who had history of previous out-of-home placements and were in transition from one placement to another at time of selection into treatment group. Likelihood of placement related to family's degree of active involvement with FPS team, particularly for problem solving and goal achievement. Service intensity was not related to preventing placements.
Conclusions	Although some FPS families remained together, more than half experienced placement. Hennepin County model of FPS may not have been appropriate for most cases. Some seriously emotionally disturbed adolescents may not be suited for FPS and must be placed.

Foster Care and Family Preservation Programs in Three States

We visited three states—California, Michigan, and New York—that collectively comprised the greatest share of federal foster care costs under Title IV-E in 1991. Combined, these three states represented 54 percent of federal foster care claims and 52 percent of total caseload nationwide.[1] In addition to substantial increases in foster care caseloads and expenditures all three states had recently experienced several years of fiscal distress. In each state, we obtained information on its foster care and family preservation programs, as well as agency officials' perspectives about barriers in federal law that affect service delivery. The best available caseload data, which were as of the last day of either the calendar or fiscal year, and expenditure data were obtained at the time of our review.

California

Trends in Foster Care and Child Welfare Services

Between 1983 and 1992, the number of California children in foster care grew 100 percent. A 423-percent increase in IV-E claims outpaced a 277-percent increase in the total cost of maintaining foster care placements largely because, according to state officials, the state now claims all allowable IV-E administrative costs, including costs for case management. Increases in IV-B and XX funding fell short of the 147-percent growth in total child welfare services costs, as shown in table II.1.

The growth in foster care costs is likely to continue in California because many of the children entering care are younger, are from more troubled families, and stay in care longer. Since the crack epidemic of the late 1980s, more children are born with drug dependency and are placed in foster care as infants. More children are also being placed with relatives, which tends to lengthen their stay in foster care.

[1]For the three states, proportion of total (1) IV-E claims was California—20 percent, Michigan—7 percent, and New York—27 percent; and (2) IV-E caseload, based on average monthly number of children, was California—21 percent, Michigan—4 percent, and New York—27 percent.

Table II.1: Comparison of 1983 and 1992 Foster Care and Child Welfare Services in California

Dollars in millions

	1983	1992	Change
Total foster care caseload	33,103	66,298	+100%
Federal IV-E eligible	59%	72%	
Total foster care maintenance	$217	$819	+277%
Federal IV-E share	24%	27%	
Total child welfare services costs	$191[a]	$473	+147%
Federal IV-E funds claimed	$80	$420	+423%
Maintenance share	65%	51%	
Administrative share	35%	47%	
Federal IV-B grant[b]	$13	$27	+107%
Federal XX grant[c]	$282	$326	+16%

[a]Represents 1985 data, earlier data were not readily available.

[b]Used to investigate abuse and neglect reports in Los Angeles County.

[c]Used for in-home supportive services for the aged, blind, disabled; none for child welfare.

Federal Barriers

State officials consider the lack of sufficient federal funding for services to be the major barrier to effective foster care and family preservation. They believe that if more services, such as mental health services, were available, some children could avoid foster care placement or be reunited with their families earlier. They also believe that the state's family preservation demonstration project has shown that many participants can safely avoid the need for foster care placement. According to the state, despite the intent of Public Law 96-272 to encourage family preservation, the funding emphasis on foster care has had the opposite effect.

State Coping Strategies

California, which has a county-administered child welfare system, is dealing with the lack of funds for services by maximizing the federal and county shares of foster care costs, using less costly specialized family foster homes as an alternative to group care where appropriate, and preventing the need for foster care placements through family preservation programs (also see ch. 3). These strategies can free up state moneys to fund services and foster care for those children who are not eligible for federal funds.

Family Preservation Program

In 1989, California initiated a 3-year demonstration project to implement family preservation programs in three counties. Encouraged by reports that most participating families succeeded in averting foster care placement, the state expanded family preservation statewide in 1991. As of April 1993, 13 of the state's 58 counties had family preservation programs, with another county slated to launch its program by mid-1993.

Although the programs vary by county, each offers a range of intensive services over a relatively short period of time to families whose children are at risk of removal or where services can help reunite families. The programs share a common goal of averting foster care placement by focusing on preventing placement in the first place, expediting the return home of children already in foster care, or both.

The state funds these projects by advancing a participating county up to 25 percent of the state's share of the county's projected state foster care expenditures. If a county's foster care and family preservation program costs end up at less than the projected amount for the fiscal year, the county receives 25 percent of the "savings," which it may spend for any purpose, including nonchild welfare services. However, if a county's expenditures exceed 105 percent of the projected amount, the county must fund the excess.

According to state officials, some counties have chosen not to participate in the state's family preservation program because of the financial risk involved. Counties may succeed in reducing their foster care caseload in the first and second years after program implementation, but reductions in subsequent years become increasingly difficult as the residual foster care population includes greater concentrations of families whose problems are severe. Recent state legislation, however, is designed to eliminate some of the fiscal uncertainty. A county that has implemented a family preservation program for 3 years will be entitled to a permanent transfer of state foster care funds to continue its family preservation program.

Until recently, the state entirely funded counties' family preservation programs. However, according to state officials, some of the costs for case management were claimed as Title IV-E administrative costs beginning in July 1992.

Michigan

Trends in Foster Care and Child Welfare Services

Between 1983 and 1992, the number of Michigan children in foster care grew by 59 percent, while the costs of maintaining foster care placements rose 123 percent, as shown in table II.2. State claims for federal IV-E foster care reimbursement increased 258 percent, due in part to significant increases in administrative costs for case management. Changes in federal funding under IV-B and XX did not match the 143-percent increase in total child welfare services costs.

Table II.2: Comparison of 1983 and 1992 Foster Care and Child Welfare Services in Michigan

Dollars in millions

	1983	1992	Change
Total foster care caseload	6,646	10,544	+59%
Federal IV-E eligible	[a]	77%	
Total foster care maintenance	$142	$316	+123%
Federal IV-E share	18%	21%	
Total child welfare services costs	$178	$432	+143%
Federal IV-E funds claimed	$29	$103	+258%
Maintenance share	70%	49%	
Administrative share	30%	48%	
Federal IV-B grant[b]	$6	$10	+61%
Federal XX grant[c]	$123	$112	–9%

[a]Data not available.

[b]Used for prevention, treatment, and allowable foster care.

[c]Used 45 to 50 percent for services for abused and neglected children.

Like California, foster care costs are likely to continue to grow in Michigan as children aged 6 and under are entering foster care in greater numbers, with more problems, and from more severely troubled families. Many of these children are medically fragile as a result of neonatal drug exposure. In addition, more children are placed with relatives, which tends to lengthen their stay in foster care. Youth over 14, especially those with learning disabilities or emotional impairments, are also staying in foster care longer.

Federal Barriers

According to state officials, the major federal barrier is the lack of sufficient funding for services to support families in crisis. In particular, the IV-E requirement that states make reasonable efforts to prevent unnecessary placements and reunite foster children with their families represents an unfunded mandate because these funds cannot be used to provide the services required in making these reasonable efforts. The state and counties have not been able to fully supplement federal funds to ensure that all children and families in crisis obtain needed services, such as counseling, drug screening, and treatment services. In addition, officials note that federal law and funding availability operate as a disincentive to service innovations, such as family preservation.

State Coping Strategies

Michigan, which has a state-administered child welfare system, is dealing with the lack of funds for services by maximizing other federal funding sources as well as investing in foster care prevention efforts, particularly family preservation services. Among the federal sources tapped are IV-A emergency assistance for family preservation, IV-E administration for case management, and XIX Medicaid funds for assessment and treatment. The state has also capped its reimbursement to counties for certain children who are not eligible for IV-E foster care funding. As a result, the counties' share of these costs increased 144 percent from 1983 to 1991, while the state's share increased 30 percent. However, counties have effectively opposed further efforts to shift additional state foster care costs to the local level.

Family Preservation Program

Family preservation is promoted in Michigan as a strategy to reduce or contain escalating foster care costs. Michigan's statewide family preservation program—Families First—was initiated in 1988 in 10 of the state's largest counties. As of April 1993, the program was operating in 81 of Michigan's 83 counties.

Modeled on the Homebuilders family preservation program, Families First social workers are on call 24 hours a day for 4 to 6 weeks and work with no more than two families at a time. Although used primarily to prevent out-of-home placement in the first place, family preservation services are also being used to reunite families earlier than would otherwise be possible.

Initial funding for Families First was provided by a set-aside from the state's foster care account. The program's budget has grown from about

$0.4 million in 1988 to $17.8 million for 1993. A small percentage of federal Titles IV-B, IV-E administration, and XX was used to pay for salaries of state administrators, in accordance with the state's cost allocation plan. Since June 1990, Michigan has used IV-A emergency assistance funds to pay for a substantial portion of its family preservation program. Under Title IV-A, the state may claim 30 days of care for eligible program participants.

From 1988 to 1992, 4,788 families and 11,548 children completed the Families First program at an estimated cost of $4,400 per family. State officials estimated that a family foster care placement in Michigan costs approximately $10,000 per child annually, and institutional placements can average $42,000 annually.

A key element of Michigan's family preservation program is performance contracting. Participating counties establish objectives for their family preservation programs, such as reductions in foster care caseloads and costs. For each unit reduction in the foster family caseload, the state rewards the locality with $10,000. Although localities were initially permitted to reinvest these "savings" into the family preservation program only, they now may use the funds for other related purposes and programs.

A March 1993 evaluation of the program reported that 76 percent of the participating families remained together 12 months after receiving family preservation services. Although the funds invested and number of families served have grown, foster care costs have also increased, but at a slower rate than previously. According to state officials, it remains unclear to what extent Families First has affected Michigan's foster care population.

New York

Foster Care Caseloads and Costs

New York's foster care caseload increased 114 percent between 1983 and 1992, and the costs of foster care maintenance rose by 195 percent, as shown in table II.3. The federal share of foster care costs grew 336 percent. Meanwhile the changes in IV-B and XX grants to New York did not keep up with the 227-percent increase in total child welfare services costs.

Table II.3: Comparison of 1983 and 1992 Foster Care and Child Welfare Services in New York

Dollars in millions

	1983	1992	Change
Total foster care caseload	29,070	62,198	+114%
Federal IV-E eligible	52%	86%	
Total foster care maintenance	$277	$818	+195%
Federal IV-E share	31%	44%	
Total child welfare services costs	$486	$1,590[a]	+227%
Federal IV-E funds claimed	$120	$526	+336%
Maintenance share	67%	67%	
Administrative share	32%	31%	
Federal IV-B grant[b]	$18	$14	–18%
Federal XX grant[c]	$189	$201	+7%

[a]Represents 1991 data, more recent data were not readily available.

[b]Used for preventive services.

[c]Used 24 percent for preventive services for children in 1991.

Foster care maintenance costs peaked in 1991 and began to fall in 1992 for the first time in 7 years. Fewer children were in care in 1992 than in 1991, but new entrants were younger, were more troubled, and may require longer and more costly care. The rate of infant placement has slowed in recent years, but 36 percent of the children placed in foster care for the first time in 1991 were under the age of 1 and almost half were under the age of 6. More children were placed with relatives, and they stayed in care an average of 3.2 years, compared with 2.8 years for children in nonrelative care. A drug-related increase in foster care, which was first observed in New York City several years ago, has leveled off.

Federal Barriers

According to state officials, the most serious federal barrier to serving families whose children are at risk of abuse and neglect is lack of funding flexibility since Title IV-E cannot fund services for families. Although Titles IV-B and XX were originally intended to fund such services, their funding never met the levels which were anticipated at the time Public Law 96-272 was enacted. The end result is that the state, faced with burgeoning caseloads, must struggle to find funds to support the services so desperately needed by families at risk of losing their children to the foster care system.

State officials also cited problems with HHS's administration of the federal foster care program that have affected state delivery of services. For example, HHS audits often find documentation errors and retroactively apply federal regulations that affect IV-E eligibility, resulting in disallowed claims for federal reimbursement. Currently, $600 million in claims from New York are at issue. This situation has effectively transferred the federal fiscal burden to the state, which has a further impact on localities.

State Coping Strategies

New York, which has a locally administered child welfare system, is dealing with the lack of funds for services by maximizing federal funding, using less costly specialized family foster homes as an alternative to group care where appropriate, and preventing the need for foster care placements through family preservation. Among federal sources tapped are IV-A emergency assistance, IV-E administration, and XIX Medicaid for the state's preventive services program of placement prevention, family reunification, and aftercare.

Because of state fiscal distress, the state reduced its financial support for child welfare and other social services, leaving localities with the choice of accepting the cuts or making up the difference from their own tax revenues. In 1992, the state eliminated its voluntary 12.5-percent contribution to federal Title XX block grant funds that are passed through to the state's 58 local districts.

The state also provided an impetus for specialized family foster care through special state appropriations in 1991. Targeted for specialized family foster care are (1) those children in institutional settings who are almost, but not quite, ready for discharge to family foster care or their parents, (2) regular foster children who have multiple placements and cannot remain in a home environment, and (3) children who would ordinarily be placed in psychiatric settings. State officials estimate that the cost of specialized foster care is about one-half that of institutional care.

Family Preservation Program

In 1991, New York initiated a statewide family preservation program with $5.4 million from a special state appropriation for this purpose. Localities that opted to participate in the family preservation effort received 100-percent state start-up funding for the first 9 months. At the end of 9 months, the localities were required to fold their family preservation programs into ongoing preventive services activities, which are funded with 75-percent state and 25-percent local matches. Further, localities had

to continue their programs for at least a year after the initial 9-month start-up period.

Using the Homebuilders family preservation model, intensive support is provided for 4 to 8 weeks by social workers who carry caseloads of two to four families at a time. Each locality may refine the selection criteria to meet the needs of its constituency. In some instances, localities may target populations or communities with high foster care placement rates.

Under the demonstration program, the state funded a total of 21 programs in 11 localities, including New York City. About 1,800 families were expected to be served each year, but this goal was not reached in the first year due to implementation delays. State officials stressed that the intensive home-based family preservation program is not a panacea, but is instead one of the many preventive service interventions families need to address their problems.

Organizations and Experts Contacted Regarding Foster Care and Family Preservation Research

Organization	Expert
American Bar Association	Susan Wells
American Enterprise Institute	Douglas Besharov
American Public Welfare Association	Betsy Rosenbaum Toshio Tatara
Behavior Sciences Institute and Homebuilders	Charlotte Booth Kathy Jenkins
Center for the Study of Social Policy	Charles Gershenson
Child Welfare League of America	Burt Anin Patrick Curtis
Contra Costa County (California) Department of Social Services, Interagency Family Preservation Program and Child Welfare Divisions	James Rydingsword Bill Weidinger Linda Canan
Eastern Michigan University National Foster Care Research Center	Patricia Ryan
Edna McConnell Clark Foundation	Peter Forsythe
Five Acres Boys' and Girls' Aid Society of Los Angeles	William Shennum
Indiana University School of Social Work	Peg Hess
National Children's Advocacy Center	Ethel Amacher
National Committee for the Prevention of Child Abuse	Deborah Daro
National Resource Center on Sexual Abuse	Kathy Keeney
Santa Clara County (California) Social Services Agency, Family Unit	Sylvia Pizzini
Seneca Center Residential and Day Treatment	Ken Berrick
Stanford University Law School	Michael Wald
University of Calgary Edmonton Division, Faculty of Social Work	Joe Hudson
University of California Berkeley Child Welfare Research Center	Jill Duerr Berrick
University of Chicago Chapin Hall Center for Children	Harold Richman John Schuerman
University of Iowa National Resource Center on Family Based Services	Kristine Nelson
University of Manitoba School of Social Work	Burt Galloway
University of Michigan Center for the Study of Youth Policy	Joan Abbey
University of Southern California	Bill Meezan
University of Utah	Mark Fraser
University of Washington School of Social Work	James Whittaker
Walter McDonald and Associates	Ying-Ying Yuan

(continued)

Organization	Expert
HHS/Administration for Children, Youth, and Families—Children's Bureau	Michael Ambrose Penny Maza Cecilia Sudia Jake Terpstra
HHS/Administration for Children, Youth and Families—National Center on Child Abuse and Neglect	David Lloyd
HHS/Office of Assistant Secretary for Planning and Evaluation—Division of Social Services Policy, Children, Youth, and Families	Ann Segal Karl Ensign

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