

Effects of the 1996 Welfare Law on Funding for Child Welfare Services

- The impact on overall funding for child welfare is unclear.
 - Federal data reporting is quite limited.
 - Urban Institute plans to issue a report this Spring that should better assess the use of TANF for child welfare services.
- Could increase funding due to flexibility and declining caseloads.
 - Most states report using TANF for child welfare type services in at least some part of the state.¹
 - At least 5 states are using TANF for subsidized guardianships.²
 - Not clear how much of this spending is supplanting prior state spending, although there is evidence of supplantation generally.³
- Could decrease funding due to cuts to Title XX.
 - A significant share of Title XX spending (21%) goes for child welfare services.⁴
 - In 1996, 16% of federal spending on child welfare came from Title XX.⁵
- Could decrease or increase funding due to elimination of Emergency Assistance Program and grandfather clause.
 - In 1996, 13% of federal spending on child welfare came from EA.
 - 45 states used EA for some child welfare services.⁶
 - In 2000, about 5% of TANF spending was authorized under the grandfather clause – although there was significant variation between states.⁷
- Could decrease funding due to eligibility links to AFDC and SSI.
 - Anecdotal reports of this problem in some states.⁸

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¹ The Welfare Information Network offers a summary of state plans by categories of services. This summary is available at: http://www.welfareinfo.org/SPD_reports.htm.

² Christian, S. & Ekman, L., *A Place to Call Home: Adoption and Guardianship for Children in Foster Care*, National Conference of State Legislatures, 2000

³ General Accounting Office, *Welfare Reform: Challenges in Maintaining a Federal-State Partnership*. GAO-01-828, August 10, 2001.

⁴ U.S. Department of Health and Human Services, Administration for Children and Families, Office of Community Services, *Social Services Block Grant Program: Annual Report of Expenditures and Recipients: 1999*, Washington DC: Government Printing Office: 2001.

⁵ Geen, R., Waters Boots, S. & Tumlin, K., *The Cost of Protecting Vulnerable Children: Understanding Federal, State, and Local Child Welfare Spending*, Urban Institute, 1999.

⁶ Geen, R., Waters Boots, S. & Tumlin, K., *The Cost of Protecting Vulnerable Children: Understanding Federal, State, and Local Child Welfare Spending*, Urban Institute, 1999.

⁷ Analysis of data reported to HHS by the states, available online at: <http://www.clasp.org/pubs/TANF/FY00/Introduction.htm>.

⁸ For example, a 1999 report on child welfare waivers notes that as a result of a low unemployment rate, the welfare law's focus on work and the low poverty threshold used by Indiana in its AFDC program, "few families are IV-E eligible . . . and the [state is] having a hard time filling the IV-E [waiver] slots." Indiana's waiver required at least 75% of the "waiver slots" to be used for IV-E eligible children. It is those slots the state could not fill. *Child Welfare Waivers: Promising Directions - Missed Opportunities*, Cornerstone Consulting Group, Inc., 1999.