

December 21, 2007

Congressman John Lewis
343 Cannon House Office Building
Washington, DC 20515-1005

Dear Congressman John Lewis,

A coalition of statewide stakeholder groups is concerned about Title IV-E Funding and its impact on Georgia's children. Title IV-E of the Social Security Act is the section of the U.S. Code that outlines the primary federal funding source for child welfare services. Title IV-E is used to help support out-of-home placement costs of foster children in the child welfare system. Under the program, the federal government pays a portion of the costs for eligible foster and adoptive children for whom there is court finding of abuse or neglect.

Only 40% of the Georgia children in the child welfare system are potentially eligible for federal IV-E assistance. Most children are denied federal assistance, because in 1996 Georgia had very strict income thresholds for receiving welfare under the old AFDC system.

For instance, using the AFDC income standards which were in effect on July 16, 1996, the net income limit for a family of three is \$424 per month. At 31% of the poverty level, this threshold is so low that even part time at minimum wage will exceed it and make the child IV-E ineligible.

In Georgia, the major reason children are denied IV-E (and the associated federal financial participation) is the AFDC look back standard. These same children might have qualified for IV-E in another state operating under a more generous AFDC benefit standard in 1996. Georgia is punished in child welfare financing for having had stringent AFDC limits in place in 1996.

The funding partnership between the federal and state governments for child welfare services is eroding because of the AFDC look back provision in Title IV-E. The AFDC look back provision gradually shifts a greater proportion of child welfare service costs to the state. In Georgia, the state now spends \$5.25 in state funds for every \$1 in federal IV-E funds it gets for child welfare services.

The Georgia Department of Human Services believes that making an abused or neglected child's access to federal funds dependent on an AFDC standard that is no longer used within the welfare system does not represent good public policy.

Federal Involvement

For children who meet IV-E eligibility and reimbursability requirements, the federal government shares in the cost of:

Maintenance: Maintenance costs include room and board and other supervision costs for licensed foster care placements. The federal share of

maintenance costs is based on the federal rate for Title XIX Medical Assistance program benefits - which is approximately 60%.

Administrative Services: Administrative costs are incurred when working with the child, the child's family, and the care provider. The IV-E program reimburses costs for case-managing children who have been removed from their homes. The federal share of administrative costs is 50%- with the administrative reimbursement rate pro-rated by the percentage of children in out-of-home care who are IV-E eligible.

Training: Certain training costs for public child welfare activities qualify for an enhanced IV-E reimbursement rate. Allowable training costs include training for case workers, foster parents and facility staff who work with children. The federal share of eligible training costs is 75%- with the training reimbursement rate also pro-rated by the IV-E penetration rate.

Eligibility for IV-E funding

Not all children in foster care are eligible for IV-E. The child's IV-E eligibility determination criteria include:

- Legal Status
- Court Ordered Removal
- Type of placement resource used
- AFDC Relatedness
 - Age
 - Living with a Specified Relative in the Removal Home
 - Deprivation
 - Financial Need-Income and Resources
 - Citizenship/Qualified Alien Status

Georgia's Issues with Title IV-E

Eligibility for federal reimbursement is currently tied to AFDC (Aid to Families with Dependant Children) benefit standards that were in effect on the date of the 1996 Welfare Reform. For example, a child could meet all of the eligibility criteria but be deemed ineligible if the total income is not within the limits of the AFDC income rules as established in July 16, 1996. This rule is commonly known as the AFDC Look Back Provision.

States have no ability to alter this standard, since it is in federal law. The standard is different in every state since states had different AFDC eligibility tests back in 1996. The standard is not indexed to inflation or wage growth, so over time, the AFDC look back provision reduces the percentage of children who are eligible for federal funding assistance.

The percentage of children in foster care who are eligible for Title IV-E funding is called the IV-E Penetration Rate. Nationally, the IV-E penetration rate is only about 50% - this means that only half of the abused and neglected children who come

into foster care or adoptive care are eligible for the partial federal financial assistance IV-E gives. This percentage will continue to drop.

Lastly, the AFDC look back standard has no relationship to whether or not a child needs child welfare services – states are required to serve all abused and neglected children, not only those who meet this AFDC look back standard. There is a huge disconnect between child welfare program requirements and the federal financing structure for these services.

Potential solutions for IV-E:

- The current financial eligibility standards can be replaced with a set level of federal cost sharing for all child welfare services provided by a state (one example would be 50% federal reimbursement for all child welfare system costs in all states).
- Replace the existing AFDC standards used to determine IV-E eligibility with a new national standard based on different, more balanced criteria, such as 100% of the federal poverty line. This option would still require eligibility to be established on a per child basis, but it would treat children equally across state borders.

Your assistance in helping us address these issues is so important. As child welfare legislation moves through Congress, your diligence in addressing these issues and finding solutions that impacts thousands of foster children in Georgia is imperative.

Sincerely,

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