

DEPARTMENT OF HEALTH AND HUMAN SERVICES
ADMINISTRATION FOR CHILDREN AND FAMILIES

Payments to States for Child Support Enforcement and Family Support Programs

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PAYMENTS TO STATES FOR CHILD SUPPORT ENFORCEMENT
AND FAMILY SUPPORT PROGRAMS

For making payments to States or other non-Federal entities under titles I, IV-D, X, XI, XIV, and XVI of the Social Security Act and the Act of July 5, 1960 (24 U.S.C. ch. 9), [\$2,936,800,000] \$3,292,970,000, to remain available until expended; and for such purposes for the first quarter of fiscal year [2004, \$1,100,000,000] 2005, \$1,200,000,000, to remain available until expended.

For making payments to each State for carrying out the program of Aid to Families with Dependent Children under title IV-A of the Social Security Act before the effective date of the program of Temporary Assistance to Needy Families (TANF) with respect to such State, such sums as may be necessary: *Provided*, That the sum of the amounts available to a State with respect to expenditures under such title IV-A in fiscal year 1997 under this appropriation and under such title IV-A as amended by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 shall not exceed the limitations under section 116(b) of such Act .

For making, after May 31 of the current fiscal year, payments to States or other non-Federal entities under titles I, IV-D, X, XI, XIV, and XVI of the Social Security Act and the Act of July 5, 1960 (24 U.S.C. ch. 9), for the last 3 months of the current fiscal year for unanticipated costs, incurred for the current fiscal year, such sums as may be necessary.

*Departments of Labor, Health and Human Services, and Education and Related Agencies
Appropriations Act, 2003, as proposed by the FY 2003 President's Budget*

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Administration for Children and Families

Payments to States for Child Support Enforcement and Family Support Programs

Amounts Available for Obligation

	<u>2002 Actual</u>	<u>2003 President's Budget</u>	<u>2004 Estimate</u>
Appropriation:			
Current Year.....	\$2,447,800,000	\$2,936,800,000	\$3,245,970,000
Advance.....	1,000,000,000	1,100,000,000	1,100,000,000
Indefinite.....	398,718,000	0	0
Subtotal, net budget authority.....	3,846,518,000	4,036,800,000	4,345,970,000
Offsetting collections	157,452,000	189,454,000	179,300,000
Subtotal, gross budget authority.....	4,003,970,000	4,226,254,000	4,525,270,000
Unobligated balance start of year.....	88,513,000	253,000	0
Recovery of prior year obligations.....	0	0	0
Unobligated balance end of year.....	253,000	0	0
Total Obligations.....	\$4,092,230,000	\$4,226,507,000	\$4,525,270,000

Payments to States for Child Support Enforcement and Family Support Programs

SUMMARY OF CHANGES

FY 2003 President's Budget Request

Total estimated budget authority.....	\$4,226,254,000
(Obligations)	4,226,507,000

FY 2004 Estimate.....	4,525,270,000
(Obligations)	4,525,270,000
Net change.....	+299,016,000
(Obligations)	+298,763,000

	<u>2003 President's Budget Base</u>	<u>Change from Base</u>
Increases:		
<u>Built-in:</u>		
Increase in Child Support Enforcement Administrative costs.....	\$3,711,353,000	+\$372,917,000
Increase due to reduction of unobligated balances carried forward.....	253,000	+253,000
<u>Program:</u>		
Increase in Access and Visitation Grants to States	10,000,000	+2,000,000
Total Increases		<u>+\$375,170,000</u>
Decreases:		
<u>Built-in:</u>		
Decrease in amount available for incentive payments to States.....	461,000,000	-7,000,000
<u>Program:</u>		

Decrease in administrative costs due to legislative proposals.....	3,711,353,000	-49,000,000
Expiration of provision providing hold harmless payments to States.....	10,154,000	-10,154,000
Decrease in payments for prior-year claims for AFDC and related programs repealed by P.L. 104-193.....	10,000,000	-10,000,000
Total Decreases		<u>-76,154,000</u>
Net Change.....		<u>-\$299,016,000</u>

Payments to States for Child Support Enforcement and Family Support Programs

Budget Authority by Activity
(Obligations)

	<u>2002</u> <u>Actual</u>	<u>2003</u> <u>President's</u> <u>Budget</u>	<u>2004</u> <u>Estimate</u>
CHILD SUPPORT ENFORCEMENT:			
State Child Support			
Administrative costs.....	\$3,481,336,000	\$3,711,353,000	\$4,035,270,000
Federal Incentive Payments to States	450,000,000	461,000,000	454,000,000
Hold Harmless Payments to States	0	10,154,000	0
Access and Visitation Grants	<u>10,000,000</u>	<u>10,000,000</u>	<u>12,000,000</u>
Subtotal, Child Support Enforcement	3,941,336,000	4,192,507,000	4,501,270,000
OTHER PROGRAMS			
Payments to Territories – Adults..	23,000,000	23,000,000	23,000,000
Repatriation	<u>834,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
Subtotal, Other Programs.....	23,834,000	24,000,000	24,000,000
PRIOR-YEAR AFDC AND RELATED PAYMENTS:			
AFDC/EA payments	124,008,000	10,000,000	0
State and Local Welfare Administration.....	<u>3,052,000</u>	<u>0</u>	<u>0</u>
Subtotal, AFDC Programs.....	127,060,000	10,000,000	0
Total Obligations.....	\$4,092,230,000	\$4,226,507,000	\$4,525,270,000

Payments to States for Child Support Enforcement and Family Support Programs

Budget Authority by Object
(Obligations)

	<u>2003</u> <u>President's</u> <u>Budget</u>	<u>2004</u> <u>Estimate</u>	<u>Increase</u> <u>or</u> <u>Decrease</u>
Grants, subsidies and contributions	\$4,226,507,000	\$4,525,270,000	+\$298,763,000
Total obligations	\$4,226,507,000	\$4,525,270,000	+\$298,763,000

ADMINISTRATION FOR CHILDREN AND FAMILIES

Payments to States for Child Support Enforcement and Family Support Programs

SIGNIFICANT ITEMS IN HOUSE, SENATE AND CONFERENCE APPROPRIATIONS COMMITTEE REPORTS

The following section represents FY 2003 Congressional requirements for reports and significant items derived from Senate Report 107-216 (Labor, Health and Human Services and Education). These actions discussed below are contingent on inclusion of similar language and funding in the final FY 2003 appropriation and related reports. Additional items may be transmitted at a later date as a result of the final Conference report.

2003 Senate Committee Report Language

Item

[State information technology consortium] The Committee four years ago encouraged ACF to work with the State information technology consortium in an effort to help States with the difficult task of streamlining service delivery, while also meeting TANF record keeping and reporting requirements. The Committee is pleased to learn that this effort is progressing and that States and ACF are now able to share systems information on TANF, child support enforcement, child welfare and child care activities. The Committee understands that plans are now underway to put in place web-based technology that permits communications and interface within States, across State borders, and between ACF and States. Accordingly, the Committee urges ACF to expand its efforts with the State information technology consortium in fiscal year 2003. Similarly, the Committee is pleased to note that child support collections on behalf of families continue to grow. When combined with other income, child support collections passed through to TANF families can provide the boost needed to help a family attain self-sufficiency. To aid in this objective, the Committee urges CSE to implement the next phase of an effort launched last year in conjunction with the State information technology consortium. The Committee remains convinced that States are in a position to best determine how to remove current barriers to child support collections and to improve the flow of information between agencies and the court system.

Action Taken or to be Taken

In FY 2002, OCSE contracted with State Information Technology Consortium (SITC) to help child support enforcement efforts by improving coordination and the flow of data between State IV-D Agencies, tribal organizations and State Courts. These joint efforts with SITC included: researching and collecting best practices from State IV-D agencies in the area of internet and web-based customer service capabilities, developing a best practices training curriculum and resource CD-ROM in the area of web-based customer service for child support clients, and conducting four training sessions on Child Support web development which were held throughout the United States. Ongoing activities in

2003 include a training session in Dallas, Texas in January 2003, and another training session in Seattle, Washington in March 2003. Another effort involved the establishment and facilitation of a Tribal CSE Systems workgroup, and an interstate workgroup on tribal and State child support agency intergovernmental cooperation. A feasibility study for a data and document exchange capability between the State child support agencies and their court systems is underway and SITC will provide support at the National Judicial symposium on Children, Courts and the Child Support Enforcement program. SITC has also provided research and analysis support for Child Support Enforcement Automated systems reviews, and support for an Interstate workgroup on interagency data access. OCSE plans to implement the next steps in these efforts in FY 2003.

Payments to States for Child Support Enforcement and Family Support Programs

Authorizing Legislation

	<u>2003 Amount Authorized</u>	<u>2003 President's Budget</u>	<u>2004 Amount Authorized</u>	<u>2004 Budget Request</u>
Payments to States for Child Support Enforcement and Family Support Programs: Titles I, IV-A and -D, X, XI, XIV and XVI of the Social Security Act and the Act of July 5, 1960 (Public Law 86-571)				
Total Appropriation, Net budget authority	Indefinite ¹	\$4,036,800,000	Indefinite ¹	\$4,345,970,000

¹ Generally, indefinite authority is authorized for this account; however, there are specific authorizations for a few of the programs covered by this appropriation:

- Section 1108(a) of the Social Security Act provides for a limitation on payment to Puerto Rico, Guam and the Virgin Islands under titles I, X, XIV, XVI, parts A and E of title IV and subsection 1108(b)(Matching grants). The limitations were established by P.L. 104-193 and most recently amended by Section 5512 of P.L. 105-33, are as follows: \$107,255,000 for Puerto Rico, \$3,554,000 for the Virgin Islands \$4,686,000 for Guam, and \$1,000,000 for American Samoa. The limitations do not apply however to the Bonus to Reward the Decrease in Illegitimacy, the Bonus to Reward High Performance States, or Loans for State Welfare Programs.
- Section 1113 of the Social Security Act provides for a \$1,000,000 limitation on funds paid to repatriated U.S. citizens and dependents that return because of destitution, illness or international crisis.
- Access and Visitation Grants are authorized by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L.104-193) for \$10,000,000 for each fiscal year.

Payments to States for Child Support Enforcement and Family Support Programs

APPROPRIATIONS HISTORY TABLE

<u>Year</u>	<u>Budget Estimate to Congress</u>	<u>House Allowance</u>	<u>Senate Allowance</u>	<u>Appropriation</u>
1994	\$15,915,966,000	\$15,915,966,000	\$15,915,966,000	\$15,915,966,000
1995	16,961,788,000	16,961,788,000	16,961,788,000	16,961,788,000
1996	18,014,307,000	18,014,307,000	18,014,307,000	18,014,307,000
1997	18,101,000,000	18,101,000,000	18,101,000,000	6,958,000,000 ⁴
1998	607,000,000	607,000,000	607,000,000	607,000,000 ⁵
1999	2,648,794,000	2,648,794,000	2,648,794,000	2,648,794,000 ⁶
2000	750,000,000	750,000,000	750,000,000	1,010,248,000 ⁷
2001	3,091,800,000	3,091,800,000	3,091,800,000	3,091,800,000
2002	3,447,800,000	3,447,800,000	3,447,800,000	3,846,518,000 ⁸
2003	4,036,800,000 ¹			
2004	4,345,970,000 ²			
2005	1,200,000,000 ³			

¹ Amount requested to finance estimated obligations including \$1,100,000,000 advance appropriation.

² Amount requested to finance estimated obligations including \$1,100,000,000 advance appropriation.

³ Requested advance for first quarter.

⁴ Sum of the FY 97 advance appropriation of \$4,800,000,000 and the FY 97 appropriation for child support enforcement of \$2,158,000,000 due to the enactment of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 creating TANF.

⁵ Advance appropriation only. Due to the unobligated balance carryover from FY 97 to FY 98 and the advance appropriation for the first quarter, an appropriation was not needed to finance obligations.

⁶ Amount appropriated consisting of the \$660,000,000 advance appropriation and the appropriated amount of \$1,988,794,000.

⁷ The first three columns include the advance appropriation only. The last column includes \$260,248,000 in indefinite authority used to finance obligations.

⁸ The last column includes \$398,718,000 in indefinite authority used to finance obligations.

Payments to States for Child Support Enforcement and Family Support Programs

Justification
(Obligations)

	2002 Actual	2003 President's Budget	2004 Estimate	Increase or Decrease
<u>Child Support Enforcement:</u>				
State Child Support Administrative Costs	\$3,481,336,000	\$3,711,353,000	\$4,035,270,000	+\$323,917,000
Federal Incentive Payments to States	450,000,000	461,000,000	454,000,000	-7,000,000
Hold Harmless Payments to States	0	10,154,000	0	-10,154,000
Access and Visitation	<u>10,000,000</u>	<u>10,000,000</u>	<u>12,000,000</u>	<u>+2,000,000</u>
Subtotal, CSE	3,941,336,000	4,192,507,000	4,501,270,000	+308,763,000
<u>Other Programs:</u>				
Payments to territories	23,000,000	23,000,000	23,000,000	0
Repatriation	<u>834,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>0</u>
Subtotal, other programs	23,834,000	24,000,000	24,000,000	0
<u>Prior Year AFDC & Related Payments:</u>				
AFDC Benefits Payments	124,008,000	10,000,000	0	-10,000,000
AFDC Administration	<u>3,052,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal, Prior Year AFDC	127,060,000	10,000,000	0	-10,000,000
Total Gross Obligations	4,092,230,000	4,226,507,000	4,525,270,000	+298,763,000
Spending authority from Offsetting Collections ¹	<u>-157,452,000</u>	<u>-189,454,000</u>	<u>-179,300,000</u>	<u>-10,154,000</u>
Total Net Obligations	\$3,934,778,000	\$4,037,053,000	\$4,345,970,000	+\$308,917,000

¹ State alternative systems penalties paid by check instead of grant offset. Penalties are used to offset budget authority required to pay grants.

General Statement

The Payments to States for Child Support Enforcement and Family Support Programs support State-administered programs of financial assistance and supportive services for low-income families to promote their economic security and self-sufficiency. In FY 2004 four programs will be funded:

- State administrative expenses for Child Support Enforcement;
- Access and Visitation grants to enable States and tribes to establish and administer programs to support and facilitate non-custodial parents' access to and visitation of their children;
- Payments for adult-only benefits under assistance programs for the aged, blind and disabled residents of Guam, Puerto Rico, the Virgin Islands, and American Samoa; and
- Repatriation of American citizens and dependents returned from foreign countries as a result of illness, destitution, war or other crisis, who need temporary cash and services.

Legislation will be proposed under the Child Support Enforcement Program to enhance and expand the existing automated enforcement infrastructure at the federal and State level and increase support collected on behalf of children and families. Proceeds from insurance settlements and gaming winnings will be subject to intercept for past due support; a loophole will be closed to allow garnishment of longshoremen's benefits; and, the process for freezing and seizing assets in multi-state financial institutions will be simplified at the federal level. When combined with the opportunities to increase child support collections outlined in the President's FY 2003 budget (expanded passport denial, offset of certain Social Security benefits and mandatory review and adjustment of support orders) and the FY 2003 framework proposed for directing more of the support collected to children and families, over \$1 billion in increased support will be realized over five years as a result of the President's FY 2004 budget.

The budget also recognizes that healthy families need more than financial support alone and increases resources for Access and Visitation Programs to support and facilitate non-custodial parents' access to and visitation of their children.

Finally, legislation will be proposed to make technical changes to the program including changes to remove certain statutory impediments to effective tribal child support enforcement programs.

Effects of Proposed Legislation

The President's FY 2004 Budget request of \$4.346 billion reflects current law of \$4.393 billion adjusted by $-.047$ billion assuming Congressional action on proposed legislation as follows:

- Federal Seizure of Accounts in Multi-State Financial Institutions (MSFIDM)

Description: This proposal would provide federal authority to freeze and seize assets in accounts held in multi-state financial institutions to satisfy child support obligations. This new enforcement tool would result in an estimated \$528 million additional collections to families over five years.

- Require Intercept of Gaming Proceeds

Description: This proposal would require States and tribal CSE programs to intercept gaming winnings. When gambling winners meet the threshold for IRS reporting, gaming establishments will be required to check a secure web site and offset any owed child support from winnings. Gaming establishments would be authorized to retain up to two percent of the offset amount to recoup their operational costs. This new enforcement tool would result in an estimated \$709 million additional collections to families over five years.

- Provide for Garnishment of Longshore and Harbor Worker's Compensation Benefits

Description: This proposal would expand the federal garnishment authority for child support debts to be collected through withholding of federal benefits paid for persons working in shipyards, docks and ships. This new enforcement tool would result in an estimated \$86 million additional collections to families over five years.

- FPLS Access to Insurance Settlement Databases

Description: This proposal would expand the Federal Parent Locator Service to allow matches with pending insurance claims and settlement databases in order to assist States in identifying claimants who owe past-due support. This new enforcement tool would result in an estimated \$101 million additional collections to families over five years.

- Increased Funding for Access and Visitation State Grant Program

Description: This proposal would gradually increase the current funding of \$10 million for these grants to \$20 million by FY 2007 and direct a portion of the increase to tribes operating child support programs under title IV-D of the Act. It is estimated that State and tribal efforts as the result of these additional grants could provide \$14 million in new collections to families over five years.

- Direct Access for Indian Tribes to the Federal Income Tax Refund Offset Program and the Federal FPLS

Description: This proposal would allow tribes receiving direct federal child support grants access to federal enforcement and location systems critical to the effective operation of the child support program. It is estimated that this access could result in \$101 million in additional collections to tribal families over five years.

These legislative proposals build on the legislative base established under welfare reform and expanded under the President's FY 2003 budget.

CHILD SUPPORT ENFORCEMENT

Authorizing Legislation – Title IV-D of the Social Security Act, as amended.

	2002 Actual	2003 President's Budget	2004 Estimate	Increase Or Decrease
State Child Support Administrative Costs	\$3,481,336,000	\$3,711,353,000	\$4,035,270,000	+323,917,000
Federal Incentive Payments to States	450,000,000	461,000,000	454,000,000	-7,000,000
Hold Harmless Payments to States ¹	0	10,154,000	0	-10,154,000
Access and Visitation Grants	<u>10,000,000</u>	<u>10,000,000</u>	<u>12,000,000</u>	<u>+2,000,000</u>
Total Obligations	\$3,941,336,000	\$4,192,507,000	\$4,501,270,000	+\$308,763,000

2004 Authorization....Such sums.

Purpose and Method of Operation

Child Support Enforcement

The Child Support Enforcement program (CSE) is a federal/State effort to foster family responsibility and promote self-sufficiency by ensuring that both parents support children financially and emotionally. It reduces the need for public assistance and its cost to the taxpayers. CSE agencies locate non-custodial parents, establish paternity when necessary, and establish and enforce orders for support. CSE services are available to all people with custody of a child who has a parent living outside of the home.

The Administration for Children and Families' (ACF) strategic goal of increasing economic independence and productivity for families is dependent upon a strategy of increasing income through the enforcement of child support.

¹ The Hold Harmless provision was enacted, in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), to provide that the Federal government would make up the difference if the State share of Temporary Assistance for Needy Families (TANF) collections falls below their FY 95 levels. The Foster Care Independence Act (P.L.106-169) narrowed these payments for FY 1999 and FY 2000 and repealed them effective October 1, 2001. The final payment for FY 2001 was made during FY 2003.

The program strengthens families by helping children get the support they are owed from non-custodial parents. By securing support from non-custodial parents on a consistent and continuing basis, families may avoid the need for publicly funded assistance, thus reducing government spending. In non-TANF cases, child support collections are forwarded to the custodial family. Applicants for TANF assign their rights to support payments to the State as a condition of receipt of assistance. Child support collections in TANF cases are shared between the State and federal governments, reducing taxpayer costs. Some States choose to pass through a portion of a TANF family's child support collections to the family and disregard these payments in determining eligibility or amount of assistance. A portion of the federal share of child support collections is paid to the States as incentive payments. Incentive payments are based on State performance in paternity establishment, order establishment, collection of current support and arrears in addition to cost effectiveness.

The federal government provides funding in several ways: a 66 percent match rate for general State administrative costs; a 90 percent match rate for paternity testing; and funding of incentive payments (\$454 million for FY 2004).

Access and Visitation Grants

This grant program was created by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA). Funding began in FY 1997 with a capped entitlement of \$10 million. Every Governor has designated a State agency that will use these grant funds to establish and administer programs to support and facilitate non-custodial parents' access to and visitation of their children. Activities which may be funded include: mediation (both voluntary and mandatory), counseling, education, development of parenting plans, visitation enforcement (including monitoring, supervision and neutral drop-off and pick-up), and development of guidelines for visitation and alternative custody arrangements. The funding is separate from funding for federal and State administration of the Child Support Enforcement program.

Rationale for the Budget Request

The Child Support Enforcement program collected \$20 billion in FY 2002, serving an estimated 17.1 million-child support cases. Since the creation of the Child Support Enforcement program, child support collections within the program have grown annually. States have increased collections by using a wide variety of approaches such as income withholding, offset of income tax refunds, support guidelines and reporting to credit bureaus. In addition, States are beginning to reap the benefits of the tools provided by PRWORA.

- The government collected a record \$1.6 billion in overdue child support from federal income tax refunds for tax year 2001. More than 2.2 million families benefited from these collections.
- A program to match a list of delinquent parents with financial institution records found over 1.4 million accounts belonging to more than 854,000 delinquent non-custodial parents nationwide with a value in excess of \$3.2 billion.

- The number of paternities established or acknowledged was almost 1.6 million in FY 2001. Of these, over 791,000 were established through in-hospital acknowledgement programs.
- Voluntary State reports indicate that the Passport Denial program resulted in collections of over \$4.6 million in lump sum child support payments in FY 2001.
- Using the expanded Federal Parent Locator Services, OCSE was able to provide States information on over four million non-custodial parents and putative fathers.

ACF will measure the CSE program's success using the outcome measures, which are part of the new incentive system to gauge the achievement of the goals and objectives of the National CSE Strategic Plan. The measures for FY 2004 are:

- The paternity establishment percentage will increase from 98 percent to 99 percent from FY 2003 to FY 2004 – This measure directly indicates achievement of the performance target by comparing paternities established during the fiscal year with the number of non-marital births during the preceding fiscal year. The rate above includes paternities established by the IV-D program and paternities established by hospital-based programs.
- The child support order establishment rate will be 70 percent for FY 2004 – A support order is needed to collect child support. This measure directly indicates achievement of the performance target by comparing the number of IV-D cases with support orders with the number of IV-D cases. With the establishment of new reporting requirements the caseload data has come into alignment and no longer reflects double counting of cases that fall into more than one category. Hence, our goal has been adjusted to reflect a more accurate case and order count.
- The collection rate for current support will be 60 percent for FY 2004 – This measure, which is a proxy for the regular and timely payment of support, directly indicates achievement of the performance target by comparing total dollars collected for current support in IV-D cases with total dollars owed for current support in IV-D cases.
- The percentage of cases with child support arrearages that pay some amount is projected to increase from the FY 2003 target of 56 percent to 60 percent in FY 2004 — This measure directly indicates achievement of the performance target by comparing the total number of IV-D cases paying any amount toward arrears with the total number of IV-D cases with arrears due.
- The cost-effectiveness ratio (total dollars collected per \$1 of expenditures) will be adjusted to \$4.35 for FY 2004 – This measure directly indicates achievement of the performance target by comparing total IV-D dollars collected by States with total IV-D dollars expended by States.

Impact of FY 2004 Legislative Proposals on Program and Families

The FY 2004 legislative proposals will increase the collections on behalf of families and as a result of the President's FY 2003 budget, direct more of this increased support collected to families. This will help move the program more towards a focus on families and away from the historic purpose of recouping of federal and State outlays for welfare.

Proceeds from insurance settlements and gaming winnings will be subject to intercept for past due support; a loophole will be closed to allow garnishment of Longshoremen's benefits; and, the process for freezing and seizing assets in multi-state financial institutions will be simplified at the federal level. When combined with the opportunities to increase child support collections outlined in the President's FY 2003 budget (expanded passport denial, offset of certain Social Security benefits and mandatory review and adjustment of support orders) and the FY 2003 framework proposed for directing more of the support collected to children and families, \$2.6 billion in increased support to families will be realized over five years as a result of the President's FY 2004 budget.

The budget also recognizes that healthy families need more than financial support alone and increases resources for Access and Visitation Programs to support and facilitate non-custodial parents' access to and visitation of their children. States are serving a growing number of families with their access and visitation grants and "waiting lists" for services are growing. A portion of the increased amounts will be allocated to grants to tribes that have operated a Tribal Child Support Program for at least one year. This funding will not reduce the amount of funds available for State Access and Visitation programs.

Finally, legislation will be proposed to make technical changes to the program including changes to remove certain statutory impediments to effective tribal child support enforcement programs.

These changes build on pending child support enforcement legislation addressed in the President's FY 2003 budget to direct more support to families and increase collections as laid out above as well as charging a modest annual fee in certain cases with collections.

Child Support Enforcement Collections and Costs
(\$ in millions)

	2002	2003		Increase
	<u>Actual</u>	<u>President's</u>	2004	<u>Or</u>
		<u>Budget</u>	<u>Estimate</u>	<u>Decrease</u>
Total Collections Distributed to:				
Families	17,879	19,350	20,875	1,525
TANF Program	2,080	2,035	2,078	43
FC Program	49	52	54	2
Total	20,008	21,437	23,007	1,570
 Distributed to TANF /FC Program:				
Federal Share	1,179	1,156	1,181	25
State Share	950	931	951	20
Total	2,129	2,087	2,132	45
 Administrative Costs: (Obligations)				
Federal share	3,481	3,711	4,035	324
State Share	1,751	1,875	2,021	146
Total	5,232	5,586	6,056	470
Incentive Payments To States	450	461	454	-7
 Program Costs: (Costs Minus Collections)				
Federal Costs	2,752	3,016	3,308	292
State Costs	351	483	616	133
Net Costs to Taxpayer	3,103	3,499	3,924	425

Resource and Program Data
State Child Support Administrative Costs
(Obligations)

	2002 Actual	2003 President's Budget	2004 Estimate
<u>Resource Data:</u>			
Service Grants:			
Formula	\$3,481,336,000	\$3,711,353,000	\$4,035,270,000
Discretionary			
Research/Evaluation			
Demonstration/Development			
Training/Technical Assistance			
Program Support			
Total, Resources	\$3,481,336,000	\$3,711,353,000	\$4,035,270,000
<u>Program Data:</u>			
Number of Grants	62	62	70
New Starts:			
#			8
\$			\$17,000,000
Continuations:			
#	62	62	62
\$	\$3,481,336,000	\$3,711,353,000	\$4,018,270,000
Contracts:			
#			
\$			
Interagency Agreements:			
#			
\$			

Resource and Program Data
Federal Incentive and Hold Harmless Payments to States

	2002 Actual	2003 President's Budget	2004 Estimate
<u>Resource Data:</u>			
Service Grants:			
Formula			
Incentive	\$450,000,000	\$461,000,000	\$454,000,000
Hold Harmless		10,154,000	
Discretionary			
Research/Evaluation			
Demonstration/Development			
Training/Technical Assistance			
Program Support			
Total, Resources	\$450,000,000	\$471,154,000	\$454,000,000
<u>Program Data:</u>			
Number of Grants	54	54	54
New Starts:			
#			
\$			
Continuations:			
#	54	54	54
\$	\$450,000,000	\$471,154,000	\$454,000,000
Contracts:			
#			
\$			

Resource and Program Data
Access and Visitation Grants

	2002 Actual	2003 President's Budget	2004 Estimate
<u>Resource Data:</u>			
Service Grants:			
Formula	\$10,000,000	\$10,000,000	\$12,000,000
Discretionary			
Research/Evaluation			
Demonstration/Development			
Training/Technical Assistance			
Program Support			
Total, Resources	\$10,000,000	\$10,000,000	\$12,000,000
<u>Program Data:</u>			
Number of Grants	54	54	62
New Starts:			
#			8
\$			\$250,000
Continuations:			
#	54	54	54
\$	\$10,000,000	\$10,000,000	\$11,750,000
Contracts:			
#			
\$			
Interagency Agreements:			
#			
\$			

**DEPARTMENT OF HEALTH AND HUMAN SERVICES
ADMINISTRATION FOR CHILDREN AND FAMILIES**

FY 2004 MANDATORY STATE/FORMULA GRANTS

PROGRAM: Federal Share of State and Local Administrative Costs (CFDA # 93.563)

STATE/TERRITORY	2002 Actual	2003 Pres. Budget	2004 Estimate	Difference +/- 2003
Alabama	\$42,479,531	\$45,503,762	\$48,598,542	\$3,094,780
Alaska	17,708,684	18,969,412	20,259,551	1,290,139
Arizona	46,231,118	49,522,434	52,890,531	3,368,097
Arkansas	34,803,557	37,281,315	39,816,874	2,535,559
California	643,480,803	689,291,910	736,171,714	46,879,804
Colorado	44,459,192	47,624,360	50,863,366	3,239,006
Connecticut	54,298,184	58,163,816	62,119,627	3,955,811
Delaware	15,469,619	16,570,942	17,697,958	1,127,016
District of Columbia	3,183,731	3,410,389	3,642,335	231,946
Florida	172,713,121	185,009,027	197,591,775	12,582,748
Georgia	80,262,008	85,976,074	91,823,439	5,847,365
Hawaii	9,673,204	10,361,865	11,066,591	704,726
Idaho	16,679,586	17,867,050	19,082,216	1,215,166
Illinois	142,773,083	152,937,478	163,338,991	10,401,513
Indiana	50,402,043	53,990,298	57,662,262	3,671,964
Iowa	42,156,745	45,157,996	48,229,260	3,071,264
Kansas	44,068,912	47,206,295	50,416,868	3,210,573
Kentucky	50,815,848	54,433,563	58,135,674	3,702,111
Louisiana	43,684,618	46,794,642	49,977,218	3,182,576
Maine	17,661,307	18,918,662	20,205,350	1,286,688
Maryland	74,097,686	79,372,897	84,771,170	5,398,273
Massachusetts	58,572,435	62,742,362	67,009,567	4,267,205
Michigan	299,030,967	320,319,776	342,105,215	21,785,439
Minnesota	106,446,756	114,024,983	121,779,998	7,755,015
Mississippi	16,506,678	17,681,832	18,884,401	1,202,569
Missouri	70,449,491	75,464,977	80,597,467	5,132,490
Montana	9,821,643	10,520,872	11,236,413	715,541
Nebraska	36,372,427	38,961,877	41,611,734	2,649,857
Nevada	28,637,956	30,676,768	32,763,142	2,086,374
New Hampshire	14,636,211	15,678,202	16,744,500	1,066,298
New Jersey	137,732,346	147,537,878	157,572,156	10,034,278
New Mexico	30,207,216	32,357,748	34,558,448	2,200,700
New York	217,214,792	232,678,890	248,503,739	15,824,849
North Carolina	79,217,325	84,857,017	90,628,273	5,771,256
North Dakota	9,139,614	9,790,287	10,456,140	665,853

STATE/TERRITORY	2002 Actual	2003 Pres. Budget	2004 Estimate	Difference +/- 2003
Ohio	304,021,054	325,665,120	347,814,105	22,148,985
Oklahoma	36,251,646	38,832,497	41,473,555	2,641,058
Oregon	40,441,915	43,321,082	46,267,416	2,946,334
Pennsylvania	140,172,505	150,151,758	160,363,809	10,212,051
Rhode Island	13,900,712	14,890,341	15,903,056	1,012,715
South Carolina	19,621,155	21,018,037	22,447,506	1,429,469
South Dakota	6,627,582	7,099,417	7,582,259	482,842
Tennessee	50,198,947	53,772,743	57,429,910	3,657,167
Texas	196,685,928	210,688,522	225,017,772	14,329,250
Utah	26,468,538	28,352,904	30,281,228	1,928,324
Vermont	6,143,808	6,581,202	7,028,800	447,598
Virginia	59,154,812	63,366,200	67,675,833	4,309,633
Washington	109,729,558	117,541,497	125,535,675	7,994,178
West Virginia	23,899,379	25,600,839	27,341,992	1,741,153
Wisconsin	60,764,149	65,090,110	69,516,989	4,426,879
Wyoming	7,509,046	8,043,635	8,590,695	547,060
Subtotal	3,862,679,171	4,137,673,560	4,419,083,105	281,409,545
Indian Tribes	6,133,178	11,700,000	34,800,000	23,100,000
Guam	4,032,022	4,319,072	4,612,819	293,747
Puerto Rico	23,383,775	25,048,528	26,752,117	1,703,589
Virgin Islands	3,515,557	3,765,840	4,021,959	256,119
Subtotal	37,064,532	44,833,440	70,186,895	25,353,455
Total States/Territories	3,899,743,703	4,182,507,000	4,489,270,000	306,763,000
ADJUSTMENTS:	31,592,297	0	0	0
Subtotal Adjustments	31,592,297	0	0	0
TOTAL RESOURCES	\$3,931,336,000	\$4,182,507,000	\$4,489,270,000	\$306,763,000

**DEPARTMENT OF HEALTH AND HUMAN SERVICES
ADMINISTRATION FOR CHILDREN AND FAMILIES**

FY 2004 MANDATORY STATE/FORMULA GRANTS

PROGRAM: Access and Visitation (CFDA # 93.597)

STATE/TERRITORY	2002 Actual	2003 Pres. Budget	2004 Estimate	Difference +/- 2003
Alabama	\$146,610	\$146,610	\$171,044	\$24,434
Alaska	100,000	100,000	120,000	20,000
Arizona	154,416	154,416	180,153	25,737
Arkansas	100,000	100,000	120,000	20,000
California	970,431	970,431	1,132,168	161,737
Colorado	119,443	119,443	139,351	19,908
Connecticut	100,000	100,000	120,000	20,000
Delaware	100,000	100,000	120,000	20,000
District of Columbia	100,000	100,000	120,000	20,000
Florida	485,954	485,954	566,946	80,992
Georgia	274,295	274,295	320,011	45,716
Hawaii	100,000	100,000	120,000	20,000
Idaho	100,000	100,000	120,000	20,000
Illinois	345,253	345,253	402,796	57,543
Indiana	182,299	182,299	212,682	30,383
Iowa	100,000	100,000	120,000	20,000
Kansas	100,000	100,000	120,000	20,000
Kentucky	121,519	121,519	141,772	20,253
Louisiana	170,393	170,393	198,792	28,399
Maine	100,000	100,000	120,000	20,000
Maryland	172,830	172,830	201,635	28,805
Massachusetts	172,640	172,640	201,413	28,773
Michigan	312,971	312,971	365,133	52,162
Minnesota	128,014	128,014	149,350	21,336
Mississippi	111,014	111,014	129,516	18,502
Missouri	174,425	174,425	203,496	29,071
Montana	100,000	100,000	120,000	20,000
Nebraska	100,000	100,000	120,000	20,000
Nevada	100,000	100,000	120,000	20,000
New Hampshire	100,000	100,000	120,000	20,000
New Jersey	214,698	214,698	250,481	35,783
New Mexico	100,000	100,000	120,000	20,000
New York	606,330	606,330	707,385	101,055
North Carolina	248,098	248,098	289,447	41,349
North Dakota	100,000	100,000	120,000	20,000

STATE/TERRITORY	2002 Actual	2003 Pres. Budget	2004 Estimate	Difference +/- 2003
Ohio	356,353	356,353	415,745	59,392
Oklahoma	105,956	105,956	123,616	17,660
Oregon	100,000	100,000	120,000	20,000
Pennsylvania	333,852	333,852	389,494	55,642
Rhode Island	100,000	100,000	120,000	20,000
South Carolina	138,905	138,905	162,056	23,151
South Dakota	100,000	100,000	120,000	20,000
Tennessee	179,100	179,100	208,949	29,849
Texas	621,404	621,404	724,972	103,568
Utah	100,000	100,000	120,000	20,000
Vermont	100,000	100,000	120,000	20,000
Virginia	203,537	203,537	237,460	33,923
Washington	172,933	172,933	201,755	28,822
West Virginia	100,000	100,000	120,000	20,000
Wisconsin	147,846	147,846	172,487	24,641
Wyoming	100,000	100,000	120,000	20,000
Subtotal	9,671,519	9,671,519	11,360,105	1,688,586
Tribes			250,000	250,000
Guam	100,000	100,000	120,000	20,000
Puerto Rico	128,481	128,481	149,895	21,414
Virgin Islands	100,000	100,000	120,000	20,000
Subtotal	328,481	328,481	639,895	311,414
Total States/Territories	10,000,000	10,000,000	12,000,000	2,000,000
TOTAL RESOURCES	\$10,000,000	\$10,000,000	\$12,000,000	\$2,000,000

OTHER PROGRAMS

Authorizing Legislation -- Titles I, X, XI, XIV and XVI of the Social Security Act and the Act of July 5, 1960 (24 U.S.C. ch.9).

	2002 Actual	2003 President's Budget	2004 Estimate	Increase or Decrease
Territories – Adults	\$23,000,000	\$23,000,000	\$23,000,000	\$0
Repatriation	<u>834,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>0</u>
Subtotal, BA	23,834,000	24,000,000	24,000,000	0

Purpose and Method of Operation

Payments to Territories -- Adults (Aged, Blind and Disabled)

State maintenance assistance programs for the aged, blind and disabled were federalized under Title XVI of the Social Security Act as the Supplemental Security Income program on January 1, 1974. A small residual program, however, remains for the residents of Puerto Rico, Guam, and the Virgin Islands. These grants are subject to spending limitations under Section 1108 of the Social Security Act. The limitations, which were established by P.L. 104 - 193 and most recently amended by P.L. 105-33, are: \$107,255,000 for Puerto Rico, \$4,686,000 for Guam, \$3,554,000 for the Virgin Islands, and \$1,000,000 for American Samoa.

Repatriation

This program provides assistance to U.S. citizens and their dependents returning from foreign countries who have been determined by the Department of State to be destitute, mentally ill or requiring emergency evacuation due to threatened armed conflict, civil strife or natural disasters. The authorizing statute, Section 1113 of the Social Security Act, sets the funding level for the repatriation program. Spending is entirely dependent upon external events, and is affected substantially by the extent of conflict and natural disasters abroad.

The repatriation program traditionally reimburses States directly for assistance provided by them to individual repatriates and for State administrative costs. In January 1997, the program entered into a cooperative agreement with a national, private organization for provision of some of the direct services for the destitute and mentally ill individuals. All individuals receiving assistance are expected to repay the cost of such assistance. These repatriate debts are collected by the Program Support Center, which is the HHS component charged with collecting debts owed by individuals.

Rationale for the Budget Request

Amounts requested for FY 2004 reflect the continued operation of these existing programs.

Resource and Program Data
 Payments to Territories – Adults (Aged, Blind, Disabled)

	2002 Actual	2003 President's Budget	2004 Estimate
<u>Resource Data:</u>			
Service Grants:			
Formula	\$23,000,000	\$23,000,000	\$23,000,000
Discretionary			
Research/Evaluation			
Demonstration/Development			
Training/Technical Assistance			
Program Support			
Total, Resources	\$23,000,000	\$23,000,000	\$23,000,000
<u>Program Data:</u>			
Number of Grants	3	3	3
New Starts:			
#			
\$			
Continuations:			
#	3	3	3
\$	\$23,000,000	\$23,000,000	\$23,000,000
Contracts:			
#			
\$			
Interagency Agreements:			
#			
\$			

Resource and Program Data
Repatriation

	2002 Actual	2003 President's Budget	2004 Estimate
<u>Resource Data:</u>			
Service Grants:			
Formula			
Discretionary	\$834,000	\$1,000,000	\$1,000,000
Research/Evaluation			
Demonstration/Development			
Training/Technical Assistance			
Program Support			
Total, Resources	\$834,000	\$1,000,000	\$1,000,000
<u>Program Data:</u>			
Number of Grants	1	1	1
New Starts:			
#			
\$			
Continuations:			
#	1	1	1
\$	\$834,000	\$1,000,000	\$1,000,000
Contracts:			
#			
\$			
Interagency Agreements:			
#			
\$			

PRIOR YEAR AID TO FAMILIES WITH DEPENDENT CHILDREN (AFDC) AND RELATED PROGRAMS

Authorizing Legislation -- Title IV-A of the Social Security Act.

	2002 Actual	2003 President's Budget	2004 Estimate	Increase or Decrease
AFDC benefit payments and Emergency Assistance	\$124,008,000	\$10,000,000	\$0	-\$10,000,000
State/Local Welfare Administration	<u>3,052,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total, BA	\$127,060,000	\$10,000,000	\$0	-\$10,000,000

Rationale for the Budget Request

The FY 2004 estimate does not include payments for the AFDC and related programs. States had until August 21, 1998, to submit prior-year claims for expenditures incurred before the AFDC, EA and IV-A child care programs were repealed by PRWORA. The FY 2004 request includes appropriations language to provide authority to pay prior year claims in the event that disputed claims from prior years are not resolved during FY2003.

Resource and Program Data
Aid to Families with Dependent Children (AFDC) Benefit Payments

	2002 Actual	2003 President's Budget	2004 Estimate
<u>Resource Data:</u>			
Service Grants:			
Formula	\$124,008,000	\$10,000,000	
Discretionary			
Research/Evaluation			
Demonstration/Development			
Training/Technical			
Program Support			
Total, Resources	\$124,008,000	\$10,000,000	
<u>Program Data:</u>			
Number of Grants	3	1	
New Starts:			
#			
\$			
Continuations:			
#	3	1	
\$	\$124,008,000	\$10,000,000	
Contracts:			
#			
\$			
Interagency Agreements:			
#			
\$			

Resource and Program Data
State and Local Welfare Administration

	2002 Actual	2003 President's Budget	2004 Estimate
<u>Resource Data:</u>			
Service Grants:			
Formula	\$3,052,000		
Discretionary			
Research/Evaluation			
Demonstration/Development			
Training/Technical			
Program Support			
Total, Resources	\$3,052,000		
<u>Program Data:</u>			
Number of Grants	1		
New Starts:			
#			
\$			
Continuations:			
#	1		
\$	\$3,052,000		
Contracts:			
#			
\$			
Interagency Agreements:			
#			
\$			

DEPARTMENT OF HEALTH AND HUMAN SERVICES
ADMINISTRATION FOR CHILDREN AND FAMILIES

Payments to States for Foster Care and Adoption Assistance

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ADMINISTRATION FOR CHILDREN AND FAMILIES
Payments to States for Foster Care and Adoption Assistance

For making payments to States or other non-Federal entities under title IV-E of the Social Security Act, [\$4,801,800,000] \$5,043,200,000. In addition, for carrying out section 477(i), \$60,000,000.

For making payments to States or other non-Federal entities, under title IV-E of the Act, for the first quarter of fiscal year [2004, \$1,745,600,000] 2005, \$1,767,700,000.

For making, after May 31 of the current fiscal year, payments to States or other non-Federal entities under section 474 of title IV-E, for the last 3 months of the current fiscal year for unanticipated costs, incurred for the current fiscal year, such sums as may be necessary.

Departments of Labor, Health and Human Services and Education, and Related Agencies Appropriations Act, 2003, as proposed in the FY 2003 President's Budget

Note: The President's Budget includes a legislative proposal supporting the creation of a child welfare program option for the Foster Care program which would require an additional \$35.3 million in FY 2004 and an increase in the advance for FY 2005 of \$54.5 million.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Administration for Children and Families

Payments to States for Foster Care and Adoption Assistance

Amounts Available for Obligation

	<u>2002 Actual</u>	<u>2003 President's Budget</u>	<u>2004 Estimate</u>
Appropriation Annual (definite)	\$4,885,592,000	\$4,801,800,000	\$5,138,500,000
Permanent	1,735,900,000	1,754,000,000	1,735,400,000
Appropriation lapsing	-552,401,358	-150,800,000	0
Total, obligations	\$6,069,090,642	\$6,405,000,000	\$6,873,900,000

Payments to States for Foster Care and Adoption Assistance

SUMMARY OF CHANGES

FY 2003 President's Budget Request

Total estimated budget authority	\$6,555,800,000
(Obligations)	\$6,405,000,000

FY 2004 Estimate	\$6,873,900,000
(Obligations).....	\$6,873,900,000
Net change	+\$318,100,000
(Obligations).....	+\$468,900,000

	<u>2003 President's Budget Base</u>	<u>Change from Base</u>
Increases:		
A. <u>Built-in:</u>		
1. Adoption assistance -- Increase in children and payments	\$1,619,800,000	+\$79,900,000
2. Foster care – Increase in payments.....	4,736,000,000	+202,900,000
Total Built-in Increases.....		+\$282,800,000
B. <u>Program:</u>		
1. Foster Care – Increase for new alternative funding option for foster care		+35,300,000
Total Program increases.....		+\$35,300,000
Net Change.....		+\$318,100,000

Payments to States for Foster Care and Adoption Assistance

Budget Authority by Activity

	<u>2002</u> <u>Actual</u>	2003 President's Budget	2004 <u>Estimate</u>
Foster Care	\$5,055,492,000	\$4,736,000,000	\$4,974,200,000
Adoption Assistance.....	1,426,000,000	1,619,800,000	1,699,700,000
Independent Living	140,000,000	200,000,000	200,000,000
Total Budget Authority.....	\$6,621,492,000	\$6,555,800,000	\$6,873,900,000
(Total Obligations).....	(6,069,090,642)	(6,405,000,000)	

Payments to States for Foster Care and Adoption Assistance

Budget Authority by Object

	<u>2003 President's Budget</u>	<u>2004 Estimate</u>	<u>Increase or Decrease</u>
Salaries and benefits (11.0, 12.0 & 13.0)	\$210,000	\$215,000	+\$5,000
Travel (21.0)	4000	4000	0
Communications, utilities and misc. (23.0)	40,000	40,000	0
Advisory and assistance Services (25.1)	12,130,000	17,709,000	+5,579,000
Research and development (25.5)	1,600,000	1,600,000	0
Supplies and materials (26.0)	14,000	14,000	0
Equipment (31.0)	2,000	2,000	0
Grants, subsidies and contributions (41.0)	6,391,000,000	6,854,316,000	+463,316,000
Total Obligations	\$6,405,000,000	\$6,873,900,000	+\$468,900,000

ADMINISTRATION FOR CHILDREN AND FAMILIES

Payments to States for Foster Care and Adoption Assistance

**SIGNIFICANT ITEMS IN HOUSE, SENATE AND CONFERENCE
APPROPRIATIONS COMMITTEE REPORTS**

The following section represents FY 2003 Congressional requirements for reports and significant items derived from Senate Report 107-216 (Labor, Health and Human Services and Education). These actions discussed below are contingent on inclusion of similar language and funding in the final FY 2003 appropriation and related reports. Additional items may be transmitted at a later date as a result of the final Conference report.

2003 Senate Committee Report Language

Item

[Child and Family Services Reviews] The Committee continues its interest in the Department's Child and Family Services reviews. These reviews are an effective method for monitoring the progress States are making in assuring the safety, health and permanency for children in child welfare and foster care as required in the Adoption and Safe Families Act. The Committee encourages the Department to make available sufficient resources to ensure full implementation of the new collaborative monitoring system. The Committee understands that the remaining States will be reviewed during fiscal year 2003. The Committee requests that ACF prepare a report on compliance and other implementation issues identified during these reviews and provide it to the Committee not later than 90 days after the last review.

Action Taken or to be Taken

The Administration agrees with the Committee about the value and importance of the reviews and plans to provide the Committee with the information requested. However, due to the time required to fully complete the evaluation and compilation of the information gathered during the reviews, the Administration will not be able to provide the report requested until 180 days after the completion of the final review.

Payments to States for Foster Care and Adoption Assistance

Authorizing Legislation

	<u>2003 Amount Authorized</u>	<u>2003 President's Budget</u>	<u>2004 Amount Authorized</u>	<u>2004 Estimate</u>
1. Foster Care [Section 470 of Title IV-E of the Social Security Act, as amended]	Indefinite	\$4,736,000,000	Indefinite	\$4,974,200,000
2. Independent Living [Sections 470 and 477 of Title IV-E of the Social Security Act, as amended]	\$200,000,000	\$200,000,000	\$200,000,000	\$200,000,000
3. Adoption Assistance [Section 470 of Title IV-E of the Social Security Act, as amended]	Indefinite	\$1,619,800,000	Indefinite	\$1,699,700,000
Total Budget Authority		\$6,555,800,000		\$6,873,900,000
Appropriation against definite authorization		\$200,000,000		\$200,000,000

Payments to States for Foster Care and Adoption Assistance

APPROPRIATIONS HISTORY TABLE

<u>Year</u>	<u>Budget Estimate to Congress</u>	<u>House Allowance</u>	<u>Senate Allowance</u>	<u>Appropriation</u>
1995				
Appropriation	3,440,871,000	3,597,371,000	3,597,371,000	3,597,371,000
Supplemental	26,291,000	0	0	0
1996	4,307,842,000	4,307,842,000	4,322,238,000	4,322,238,000
1997	4,445,000,000	4,445,031,000	4,445,031,000	4,445,031,000
1998	4,311,000,000	4,311,000,000	4,311,000,000	4,311,000,000
1999				
Advance ¹	1,157,700,000	1,157,500,000	1,157,500,000	1,157,500,000
Appropriation	3,964,000,000	3,764,900,000	3,964,000,000	3,764,000,000
2000				
Advance	1,355,300,000	1,355,300,000	1,355,300,000	1,355,300,000
Appropriation	4,312,300,000	4,307,300,000	4,312,000,000	4,307,300,000
Supplemental	35,000,000	35,000,000	35,000,000	35,000,000 ²
2001				
Leg. proposal	5,000,000	0	0	0
Advance	1,549,700,000	1,538,000,000	1,538,000,000	1,538,000,000
Appropriation	4,863,100,000	4,863,100,000	4,863,100,000	4,863,100,000
2002				
Advance	1,735,900,000	1,735,900,000	1,735,900,000	1,735,900,000
Appropriation	4,885,000,000	4,885,600,000	4,885,600,000	4,885,600,000
Leg. proposal	60,000,000	0	0	0
Rescission				8,000
2003				
Advance	1,754,000,000	1,754,000,000	1,754,000,000	1,754,000,000
Appropriation	4,801,800,000			
2004				
Advance	1,735,400,000			
Appropriation	5,103,200,000			
Leg. Proposal	35,300,000			
2005				
Advance	1,767,700,000			
Leg. Proposal	54,500,000			

¹ Beginning in the FY 1998 appropriations bill, the Congress began appropriating the first quarter of the next fiscal year for this program in addition to the regular appropriation.

² Reflects \$35 million in supplemental funding for the Independent Living Program.

Payments to States for Foster Care and Adoption Assistance

Justification

	2002 Enacted	2003 President's Budget	2004 Estimate	Increase or Decrease
Foster Care	\$5,055,500,000	\$4,736,000,000	\$4,974,200,000	+\$238,200,000
Adoption Assistance	1,426,000,000	1,619,800,000	1,699,700,000	+\$79,900,000
Independent Living	140,000,000	140,000,000	140,000,000	0
Independent Living Training Vouchers		60,000,000	60,000,000	0
Total, BA.....	\$6,621,500,000	\$6,555,800,000	\$6,873,900,000	+\$318,100,000

General Statement

Child welfare programs are designed to enhance the capacity of families to raise children in a nurturing, safe environment; to protect children who have been or are at risk of being abused or neglected; to provide safe, stable, family-like settings consistent with the needs of each child when remaining at home is not in the best interest of the child; to reunite children with their biological families when appropriate; and to secure adoptive homes or other permanent living arrangements for children whose families are not able to care for them. Ensuring the health and safety of the child is always of primary importance in delivering any child welfare service. Key federal entitlement programs supporting child welfare services include the Foster Care, Adoption Assistance, Independent Living, and Promoting Safe and Stable Families programs. Discretionary programs include Child Welfare Services State grants, Child Welfare Training, Child Abuse and Neglect State grants, the Community-Based Family Resource and Support grants, the Abandoned Infants Assistance program, the Adoption Opportunities program, and the Adoption Incentives program.

Payments to States for Foster Care and Adoption Assistance include those entitlement programs which assist States with the costs of maintaining eligible children in foster care, preparing children for living on their own, and adopting children under special conditions. Administrative and training costs are also supported. Legislation is being proposed to create an alternative

funding option for the Foster Care program. The President's appropriation request is \$6,873,900,000 for this account.

The request also includes \$1,822,200,000 for the first quarter of FY 2005. These funds will ensure the timely awarding of first quarter grants.

The following tables illustrate how the FY 2004 request for new budget authority was derived:

CURRENT LAW

<u>IV-E Program</u>	<u>Appropriated in FY 2003 for the First Quarter of FY 2004</u>	<u>Requirement for Quarters 2, 3, and 4 FY 2004</u>	<u>First Quarter Requirement for FY 2005</u>	<u>Total FY 2004 Estimate</u>
Foster Care	\$1,237,000,000	\$3,737,200,000	\$1,314,600,000	\$4,974,200,000
Adoption Assistance	\$463,400,000	\$1,236,300,000	\$472,600,000	\$1,699,700,000
Independent Living	\$35,000,000	\$165,000,000	\$35,000,000	\$200,000,000
Subtotal, IV-E Current Law	\$1,735,400,000	\$5,138,500,000	\$1,822,200,000	\$6,873,900,000

FOSTER CARE

Authorizing legislation -- Section 470 of the Social Security Act, as amended

2002 Enacted	2003 President's Budget	2004 Estimate	Increase or Decrease
\$5,055,492,000	\$4,736,000,000	\$4,974,200,000	+\$238,200,000

2004 Authorization....Indefinite (with legislative modifications proposed in the FY 2004 budget).

Purpose and Method of Operation

Consistent with ACF's goal to improve healthy development, safety, and well-being of children and youth and to increase the safety, permanency, and well-being of children and youth, this program provides funds to States for foster care maintenance payments; administrative costs to manage the program, including costs for statewide automated information systems; and training of staff and foster and adopting parents.

The system is an annually appropriated entitlement program with specific eligibility requirements and fixed allowable uses of funds. Federal financial participation in State expenditures for foster care maintenance payments is provided at the Medicaid match rate for medical assistance payments, which varies among States from 50 percent to 79 percent. Federal financial participation for State administrative expenditures is made at a 50 percent rate and at a 75 percent rate for the training of State or local agency personnel, foster parents, or staff of state licensed or approved institutions.

The Social Security Act links the title IV-E programs, including Foster Care, to title IV-B programs (the Child Welfare Services State Grant Program and the Promoting Safe and Stable Families Program). The same State agency must administer or supervise the administration of the programs. The goal of the programs is to strengthen families in which children are at risk. Taken together, these programs provide a continuum of services to assist children and their families. The Social Security Act also authorizes the Adoption and Foster Care Analysis Reporting System (AFCARS). This mandatory data collection system collects information from the States on all children in foster care who are the responsibility of State child welfare agencies and all children adopted with the involvement of State child welfare agencies.

To strengthen services provided to these vulnerable children and further the goal of helping States develop a seamless system for child welfare services, ACF is proposing legislation to offer States an alternative financing system to the current entitlement program. Under this alternative system, States could choose to administer their foster care program within a fixed allocation of funds over a five-year period, if this approach would better support their unique child welfare needs.

The alternative program would encompass funding for the existing title IV-E foster care maintenance payments program and the associated administrative costs, including funding for the State Automated Child Welfare Information Systems. States that select this alternative financing structure will be required to apply for the fixed allocation approach soon after enactment of the legislation and must commit to the new funding structure for the full five-year period. Funding for the program will be cost neutral over five years. However, to support State creativity, States will be permitted to receive up-front funding through this option. The proposal includes a maintenance of effort requirement to ensure that States that choose the new option maintain their existing level of investment in the program. State allocations will be derived using historic expenditure rates.

States that choose the fixed allocation option will enjoy far more flexibility than that afforded under the existing IV-E program both in allowable activities and in the population served. States will be able to use the funds for purposes under title IV-E or title IV-B, including foster care maintenance payments, prevention activities, permanency efforts (including subsidized guardianships), case management, administrative activities (including developing and operating State information systems), the training of child welfare staff and other such services related to child welfare activities. The proposal will provide States with the flexibility to develop a child welfare system that supports a continuum of services to families in crisis and children at risk while removing the administrative burden of many of the current federal requirements. States will have the flexibility to try innovative ways to insure the safety, permanency and well-being of children. However, the Department will require States to maintain existing child protections to ensure that States maintain their focus on child safety, permanency and well-being when providing services.

States which elect to use the alternative funding option and which experience emergencies affecting their foster care systems may apply for access to additional funding from the Temporary Assistance for Needy Families (TANF) Contingency Fund. States which choose to apply would be required to meet strict guidelines to ensure only truly needy States receive additional resources.

Two set-asides will be created within this new program. The first set-aside will be \$30 million for Indian tribes or consortia that can demonstrate the capacity to operate a title IV-E program. Allocations for each tribe or consortia that qualifies will be based on the tribe's population of children under age 21. Indian tribes will have similar program requirements as do States, however, the Secretary will have the authority to waive certain State program requirements that are burdensome to Indian tribes but do not affect or compromise child safety. The second set-aside will be an administrative set-aside of 1/3 of one percent in order to facilitate the monitoring and technical assistance necessary to support the success of State child welfare programs.

Funding for Foster Care maintenance payments, administration, and training during the last five fiscal years has been as follows:

1999	.....	\$3,982,700,000
2000	.....	\$4,537,200,000
2001	.....	\$5,063,500,000
2002	.....	\$5,055,492,000
2003	.....	\$4,736,000,000

Rationale for the Budget Request

In FY 2004, federal assistance of \$4,974,200,000 is requested, an increase of \$238,200,000 over the FY 2003 request. Of this amount, \$1,237,000,000 was made available for the first quarter of FY 2004 in the FY 2003 budget. In addition, \$1,314,600,000 is requested for the first quarter of FY 2005 to ensure timely first quarter grant awards. The additional funds reflect up-front funding costs assumed under the new child welfare program option being proposed for States, as well as increases in basic program costs.

The proposed legislation will provide States and Indian tribes with the opportunity to design a flexible child welfare system that supports a continuum of services to families in crisis and children at risk while removing the administrative burden of many of the current federal requirements. The current determination and re-determination for IV-E eligibility is a significant burden to States. Additionally, the cost allocation process for claiming administrative costs under the IV-E system is cumbersome. Both would be eliminated for States that choose the alternative funding structure. The proposed approach will provide significant resources and flexibility for States and tribes to fund prevention, treatment and permanent placement activities. In addition, these funds will support out-of-home care when that option is determined to be in the best interest of the child. The proposal will make the child welfare system more efficient and provide increased flexibility to the States for designing a seamless child welfare system.

Under the proposed funding option, States can receive up-front funding at the outset of the program cycle with funds evenly distributed across each of the five years. As States begin designing their foster care programs under the fixed allocation option it is essential to provide sufficient funds to allow States the time and flexibility to implement innovative, cost efficient programs. States have long raised concerns that the title IV-E foster care program is too restrictive. The funding flexibility and up-front funding provided through the alternative funding option in the first years of the program will allow States to make changes to their child welfare systems and to reorganize their service delivery techniques in new and innovative ways to best serve children and their families.

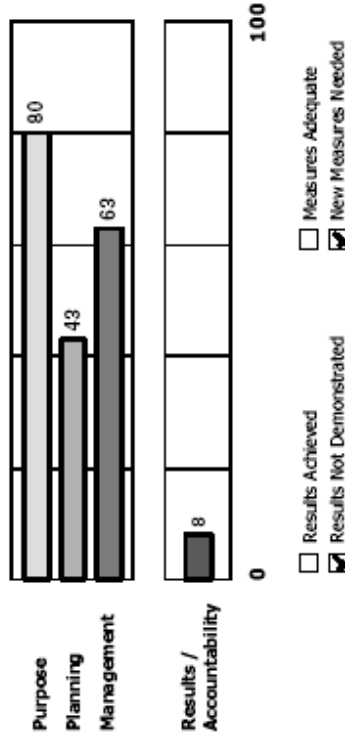
This alternative for States will not affect or change the provisions of the Adoption and Safe Families Act. Permanency for children will continue to be of paramount concern under the foster care program, regardless of the funding mechanism chosen by the States. Similarly, this alternative option for the Foster Care program will not affect or change the Adoption Assistance program, the John H. Chafee Foster Care Independence Program, or title IV-B of the Social Security Act.

The proposed administrative set-aside will allow for the carrying out of critical parts of the child welfare program option, federal monitoring, technical assistance, and child welfare research. The set-aside will also be used to examine the safety, permanence and well-being of children in States that choose the alternative funding option.

A PART assessment was conducted for this program and helped inform the FY 2004 budget policy. A summary of the PART assessment follows on the next page.

Program: Foster Care

Agency: Department of Health and Human Services
Bureau: Administration for Children and Families



Key Performance Measures

Measure	Year	Target	Actual
Long-term measure: Measure under development			
Annual Measure: Percentage of children with substantiated reports of maltreatment that have a repeated substantiated report of maltreatment within 6 months	1999	8%	
	2000	9%	
	2001	7%	
	2004	7%	
Annual Measure: Percentage of children with no more than 2 placement settings, for those who had been in care less than 12 months	1999	60%	
	2000	58%	
	2001	72%	60%
	2002	60%	60%

Rating: Results Not Demonstrated

Program Type: Block/Formula Grants
Program Summary:

The purpose of the federal foster care program is to prevent maltreatment and abuse of children in troubled families by providing a stable temporary home - a foster care family - until the children can safely return to their homes, or a permanent home is found. Foster Care Maintenance Payments go to foster parents to cover the costs of a child's food, shelter, clothing, supervision, and travel home for visits.

The assessment indicates that the overall purpose of the program is clear and addresses a specific need. However, the program is suboptimal in design because the program financial structure does not provide appropriate incentives for the permanent placement of children. Additional findings include:

1. Program performance goals are non-specific and target measures are unambitious.
2. There is a lack of independent evaluations, the budget and program goals are not aligned, and the program lacks a proactive, systematic process to address strategic planning deficiencies.
3. While program management is generally sound, relatively high erroneous payments indicate that program funds are not always spent for the intended purpose. There is no existing performance measure to reduce erroneous payments.
4. Finally, there has been inadequate progress toward meeting performance goals.

To address these findings, the Administration recommends legislation to introduce an option available to all states to participate in an alternative financing system for child welfare that will better meet the needs of each state's foster care population. The change will focus on getting results. States choosing to participate will face fewer administrative burdens and will receive funds in the form of flexible grants. This will serve as an incentive to create innovative child welfare plans with a stronger emphasis on prevention and family support, and increased flexibility in services provided and population served. State flexibility will be balanced with accountability to ensure the best outcomes for vulnerable children and their families. Participating states must continue to provide for the safety, permanency, and well-being of children by upholding high standards of performance.

Program Funding Level (in millions of dollars)

2002 Actual	2003 Estimate	2004 Estimate
4,380	4,629	4,887

Resource and Program Data
Foster Care Program

	FY 2002 Actual	FY 2003 President's Budget	FY 2004 Estimate
<u>Resource Data:</u>			
Service Grants:			
Formula	\$4,527,682,074	\$4,655,100,000	\$4,957,616,017
Discretionary			
Research/Evaluation			
Demonstration/Development			
Training/Technical Assistance	8,074,775	10,730,000	\$16,313,983
Program Support ¹	266,865	270,000	270,000
Total, Resources	\$4,536,023,714	\$4,666,100,000 ²	\$4,974,200,000
<u>Program Data:</u>			
Number of Grants	52	52	52
New Starts:			
#	52	52	52
\$	\$4,527,682,074	\$4,655,100,000	\$4,957,616,017
Continuations:			
#			
\$			
Contracts:			
#	7	8	10
\$	\$8,412,224	\$11,000,000	\$16,583,983
Interagency Agreements:			
#			
\$			

¹ Includes funding for information technology support.

² Assumes lapse of \$69.9 million

**DEPARTMENT OF HEALTH AND HUMAN SERVICES
ADMINISTRATION FOR CHILDREN AND FAMILIES**

FY 2004 MANDATORY STATE/FORMULA GRANTS

PROGRAM: Title IV-E Foster Care (CFDA # 93.658)

STATE/TERRITORY	2002 Actual	2003 Pres. Budget	2004 Estimate	Difference +/- 2003
Alabama	\$26,760,886	\$27,513,990	\$29,093,372	\$1,579,382
Alaska	9,042,860	9,297,344	9,831,038	533,694
Arizona	37,175,514	38,221,706	40,415,741	2,194,035
Arkansas	27,203,730	27,969,297	29,574,814	1,605,517
California	1,088,647,403	1,119,284,091	1,183,534,191	64,250,100
Colorado	46,103,583	47,401,029	50,121,983	2,720,954
Connecticut	69,374,824	71,327,169	75,421,552	4,094,383
Delaware	9,263,456	9,524,148	10,070,861	546,713
District of Columbia	21,828,710	22,443,013	23,731,306	1,288,293
Florida	134,026,727	137,798,504	145,708,531	7,910,027
Georgia	71,401,052	73,410,419	77,624,386	4,213,967
Hawaii	18,410,017	18,928,111	20,014,639	1,086,528
Idaho	4,376,501	4,499,664	4,757,958	258,294
Illinois	305,506,615	314,104,175	332,134,651	18,030,476
Indiana	37,342,838	38,393,739	40,597,649	2,203,910
Iowa	10,629,385	10,928,517	11,555,845	627,328
Kansas	16,581,834	17,048,480	18,027,111	978,631
Kentucky	54,934,182	56,480,139	59,722,260	3,242,121
Louisiana	54,485,044	56,018,361	59,233,975	3,215,614
Maine	27,675,395	28,454,235	30,087,590	1,633,355
Maryland	154,288,328	158,630,307	167,736,139	9,105,832
Massachusetts	67,467,647	69,366,320	73,348,145	3,981,825
Michigan	152,602,354	156,896,886	165,903,215	9,006,329
Minnesota	97,894,964	100,649,922	106,427,514	5,777,592
Mississippi	17,758,511	18,258,271	19,306,347	1,048,076
Missouri	56,504,939	58,095,100	61,429,924	3,334,824
Montana	5,041,737	5,183,621	5,481,176	297,555
Nebraska	21,682,977	22,293,179	23,572,871	1,279,692
Nevada	22,940,772	23,586,371	24,940,296	1,353,925
New Hampshire	9,659,143	9,930,970	10,501,036	570,066
New Jersey	43,587,491	44,814,129	47,386,588	2,572,459
New Mexico	13,481,921	13,861,329	14,657,009	795,680
New York	534,881,945	549,934,581	581,502,394	31,567,813
North Carolina	62,944,888	64,716,282	68,431,181	3,714,899
North Dakota	13,694,141	14,079,521	14,887,726	808,205

STATE/TERRITORY	2002 Actual	2003 Pres. Budget	2004 Estimate	Difference +/- 2003
Ohio	206,408,086	212,216,818	224,398,668	12,181,850
Oklahoma	27,515,259	28,289,593	29,913,496	1,623,903
Oregon	32,147,503	33,052,197	34,949,488	1,897,291
Pennsylvania	398,423,564	409,635,991	433,150,265	23,514,274
Rhode Island	12,628,699	12,984,096	13,729,420	745,324
South Carolina	36,969,774	38,010,177	40,192,069	2,181,892
South Dakota	5,418,760	5,571,255	5,891,061	319,806
Tennessee	24,043,159	24,719,781	26,138,767	1,418,986
Texas	145,823,169	149,926,921	158,533,154	8,606,233
Utah	22,033,702	22,653,774	23,954,165	1,300,391
Vermont	12,494,283	12,845,897	13,583,288	737,391
Virginia	85,322,222	87,723,358	92,758,929	5,035,571
Washington	55,825,569	57,396,611	60,691,340	3,294,729
West Virginia	27,567,713	28,343,523	29,970,522	1,626,999
Wisconsin	78,152,315	80,351,676	84,964,091	4,612,415
Wyoming	2,490,768	2,560,863	2,707,864	147,001
Subtotal	4,518,466,859	4,645,625,451	4,912,297,601	266,672,150
Puerto Rico	9,215,215	9,474,549	10,018,416	543,867
Subtotal	9,215,215	9,474,549	10,018,416	543,867
Total States/Territories	4,527,682,074	4,655,100,000	4,922,316,017	267,216,017
Technical Assistance	8,341,640	11,000,000	16,583,983	5,583,983
Child welfare program option additional funds			35,300,000	35,300,000
Subtotal adjustments	8,341,640	11,000,000	51,883,983	40,883,983
TOTAL RESOURCES	\$4,536,023,714	\$4,666,100,000¹	\$4,974,200,000	\$308,100,000

¹ Assumes lapse of \$69.9 million

ADOPTION ASSISTANCE

Authorizing legislation -- Section 470 of the Social Security Act, as amended.

2002 Enacted	2003 President's Budget	2004 Estimate	Increase or Decrease
\$1,426,000,000	\$1,619,800,000	\$1,699,700,000	+\$79,900,000

2004 Authorization....Indefinite.

Purpose and Method of Operation

The Adoption Assistance program, consistent with ACF's goals to improve healthy development, safety, and well-being of children and youth and to increase the safety, permanency, and well-being of children and youth, provides funds to States to subsidize families that adopt children with special needs who cannot be reunited with their families, thus preventing long, inappropriate stays in foster care. To receive adoption assistance benefits, a child must have been determined by the State to be a special needs child, e.g., be older, a member of a minority or sibling group, or have a physical, mental, or emotional disability. Additionally, the child must have been:

- unable to return home, and the State must have been unsuccessful in its efforts to adopt without medical or financial assistance; and
- receiving or eligible to receive Aid to Families with Dependent Children, as in effect on July 16, 1996, or title IV-E Foster Care benefits, or Supplemental Security Income benefits.

Funds also are used for the administrative costs of managing the program and training staff and adoptive parents.

Adoption Assistance is an annually appropriated entitlement program. Federal financial participation in State maintenance expenditures is provided at the Medicaid match rate for medical assistance payments, which varies among States from 50 percent to 79 percent. State adoption subsidy payments made on behalf of individual children also vary from State to State but may not exceed foster family care rates for comparable children. State administrative costs are matched at a 50 percent rate and training for State and local employees and adoptive parents at a 75 percent rate.

The number of children subsidized by this program and the level of federal reimbursement have increased significantly as permanent adoptive homes are found for more children. Over the past five years, the average monthly number of children for whom payments were made has nearly doubled, from just fewer than 147,000 in FY 1997 to an estimated 285,600 in FY 2002.

Funding for Adoption Assistance over the past five years have been as follows:

1999	.....	\$868,800,000
2000	.....	\$1,020,100,000
2001	.....	\$1,197,600,000
2002	.....	\$1,426,000,000
2003	.....	\$1,619,800,000

Rationale for the Budget Request

Title IV-E Adoption Assistance provides federal assistance to States to support the adoption of eligible children with special needs. In FY 2004 an estimated average of 348,700 children per month, an increase of 31,700 children over FY 2003, will have payments made on their behalf, at an estimated cost of \$1,699,700,000, of which \$463,400,000 was appropriated in FY 2003 for the first quarter of FY 2004. This amount includes funds for the costs of administration and training. In addition, the request includes \$472,600,000 for the first quarter of FY 2005 to ensure timely first quarter grant awards. Technical changes will be proposed to align this program with the Foster Care legislation.

The amount requested, together with amounts requested for child welfare discretionary programs, will assist in achieving the performance goal of providing children with permanency and stability in their living situations and minimizing disruption to the continuity of family and other relationships through:

- Increasing the percentage of children who exit the foster care system and are adopted within two years of placement from 23 percent in FY 2001 to 27 percent in FY 2004;
- Making progress toward doubling the number of adoptions in the public foster care system by increasing the number to 60,000 in FY 2004;
- Maintaining the percentage of children who exit the foster care system through reunification within one year of placement at 67 percent in FY 2004; and
- Changing the percentage of children who exit the foster care system through guardianships within two years of placement from 57 percent in FY 2001 to 62 percent in FY 2004.

Resource and Program Data
Adoption Assistance Program

	FY 2002 Actual	FY 2003 President's Budget	FY 2004 Estimate
<u>Resource Data:</u>			
Service Grants:			
Formula	\$1,393,075,328	\$1,538,900,000	\$1,699,700,000
Discretionary			
Research/Evaluation			
Demonstration/Development			
Training/Technical Assistance			
Program Support			
Total, Resources	\$1,393,075,328	\$1,538,900,000 ¹	\$1,699,700,000
<u>Program Data:</u>			
Number of Grants	52	52	52
New Starts:			
#	52	52	52
\$	\$1,393,075,328	\$1,538,900,000	\$1,699,700,000
Continuations:			
#			
\$			
Contracts:			
#			
\$			
Interagency Agreements:			
#			
\$			

¹ Assumes lapse of \$80.9 million.

**DEPARTMENT OF HEALTH AND HUMAN SERVICES
ADMINISTRATION ON CHILDREN, YOUTH AND FAMILIES**

FY 2004 MANDATORY STATE/FORMULA GRANTS

PROGRAM: Title IV-E Adoption Assistance (CFDA # 93.659)

STATE/TERRITORY	2002 Actual	2003 Pres. Budget	2004 Estimate	Difference +/- 2003
Alabama	\$4,449,789	\$4,915,585	\$5,429,216	\$513,631
Alaska	6,043,216	6,675,810	7,373,366	697,556
Arizona	18,926,328	20,907,504	23,092,134	2,184,630
Arkansas	7,062,625	7,801,929	8,617,154	815,225
California	236,146,069	260,865,442	288,123,330	27,257,888
Colorado	21,577,363	23,836,045	26,326,678	2,490,633
Connecticut	16,315,490	18,023,368	19,906,634	1,883,266
Delaware	1,941,165	2,144,363	2,368,428	224,065
District of Columbia	7,218,613	7,974,245	8,807,476	833,231
Florida	43,932,311	48,531,071	53,602,093	5,071,022
Georgia	35,081,931	38,754,248	42,803,688	4,049,440
Hawaii	7,073,072	7,813,469	8,629,900	816,431
Idaho	2,509,512	2,772,203	3,061,872	289,669
Illinois	74,441,347	82,233,741	90,826,363	8,592,622
Indiana	25,872,098	28,580,346	31,566,712	2,986,366
Iowa	22,448,098	24,797,927	27,389,068	2,591,141
Kansas	9,640,655	10,649,822	11,762,625	1,112,803
Kentucky	13,797,891	15,242,231	16,834,895	1,592,664
Louisiana	6,176,458	6,822,999	7,535,936	712,937
Maine	9,115,929	10,070,169	11,122,403	1,052,234
Maryland	13,099,321	14,470,536	15,982,565	1,512,029
Massachusetts	27,080,201	29,914,911	33,040,726	3,125,815
Michigan	92,035,739	101,669,885	112,293,393	10,623,508
Minnesota	15,860,284	17,520,512	19,351,234	1,830,722
Mississippi	3,635,347	4,015,889	4,435,510	419,621
Missouri	19,228,066	21,240,827	23,460,286	2,219,459
Montana	5,458,913	6,030,343	6,660,455	630,112
Nebraska	5,535,330	6,114,759	6,753,692	638,933
Nevada	4,981,852	5,503,344	6,078,389	575,045
New Hampshire	1,534,208	1,694,806	1,871,897	177,091
New Jersey	16,535,989	18,266,948	20,175,666	1,908,718
New Mexico	10,100,953	11,158,304	12,324,237	1,165,933
New York	200,066,593	221,009,226	244,102,529	23,093,303
North Carolina	18,900,809	20,879,314	23,060,998	2,181,684
North Dakota	2,027,922	2,240,201	2,474,281	234,080

STATE/TERRITORY	FY 2002 Actual	FY 2003 Pres. Budget	FY 2004 Estimate	Difference +/- 2003
Ohio	134,070,180	148,104,420	163,579,883	15,475,463
Oklahoma	17,583,514	19,424,127	21,453,758	2,029,631
Oregon	19,839,605	21,916,381	24,206,429	2,290,048
Pennsylvania	59,927,897	66,201,048	73,118,410	6,917,362
Rhode Island	5,603,763	6,190,355	6,837,187	646,832
South Carolina	12,714,385	14,045,305	15,512,902	1,467,597
South Dakota	1,493,703	1,650,061	1,822,477	172,416
Tennessee	10,661,046	11,777,026	13,007,610	1,230,584
Texas	43,914,618	48,511,526	53,580,506	5,068,980
Utah	5,770,534	6,374,584	7,040,665	666,081
Vermont	7,021,813	7,756,845	8,567,359	810,514
Virginia	13,167,413	14,545,756	16,065,645	1,519,889
Washington	18,189,169	20,093,180	22,192,721	2,099,541
West Virginia	9,374,935	10,356,287	11,438,418	1,082,131
Wisconsin	27,059,061	29,891,558	33,014,933	3,123,375
Wyoming	657,016	725,791	801,629	75,838
Subtotal	1,392,900,139	1,538,706,572	1,699,486,361	160,779,789
Puerto Rico	175,099	193,428	213,639	20,211
Subtotal	175,099	193,428	213,639	20,211
Total States/Territories	1,393,075,238	1,538,900,000	1,699,700,000	160,800,000
TOTAL RESOURCES	\$1,393,075,238	\$1,538,900,000¹	\$1,699,700,000	\$160,800,000

¹ Assumes lapse of \$80.9 million.

INDEPENDENT LIVING

Authorizing Legislation -- Sections 470 and 477 of the Social Security Act.

2002 Enacted	2003 President's Budget	2004 Estimate	Increase or Decrease
\$140,000,000	\$200,000,000	\$200,000,000	\$0

2004 Authorization...\$200,000,000¹.

Purpose and Method of Operation

This program originated in 1986 and was permanently authorized as part of Public Law 103-66 in 1993. In FY 1999, the federal Independent Living Program was revised and amended by the enactment of Title I of Public Law 106-169, the John H. Chafee Foster Care Independence Act. The Foster Care Independence Act provides States with more flexibility and additional resources to support child welfare services designed to help youth make the transition from foster care to positive, productive adulthood.

This program provides services to foster children under 18 and former foster youth (aged 18-21) to help them make the transition to independent living by engaging in a variety of services including, but not limited to, educational assistance, career exploration, vocational training, job placement, life skills training, home management, health services, substance abuse prevention, preventive health activities, and room and board.

The current law has improved States' ability to actualize the goals of safety, permanence and well being for youth and young adults in the child welfare system. States have the authority to extend the lower age limit of youth in foster care who are eligible for independent living services, and States may use up to 30 percent of the Chafee Foster Care Independence Program (CFCIP) allotment to provide room and board (age 18-20) and other independent living services to youth (up to age 21) formerly in foster care. Other provisions of the law include: 1) a formula for determining the amount of State allocation based on a State's percent of children in foster care in proportion to the national total of children in foster care, using data from the most recent year available, instead of 1984; and 2) a "hold harmless" provision for the State allotments so that no State will receive less funding under CFCIP than it received in FY 1998 or \$500,000, whichever is greater. States now have the option of providing Medicaid to foster care youth until age 21.

Each State is eligible to receive a portion of the funds appropriated according to the revised formula. In order to be awarded federal funds, States must provide a 20 percent match.

¹ Of this amount, \$140 million is mandatory and \$60 million is discretionary.

In addition, the Administration proposed legislation that was enacted in 2002 to amend sections 474 and 477 of the Social Security Act to provide vouchers of up to \$5,000 for college tuition or vocational training to foster care children from 16 to 21 years of age. (Participants who turn 21 while working toward the completion of a degree or training program may remain eligible for the voucher program until they are 23 years of age.) Funding for these vouchers is authorized at \$60 million, is discretionary in nature and is also distributed based on the foster care ratio, without a minimum guaranteed amount. These vouchers will provide youth an additional resource to prepare for independent living, increasing the prospect that they will be able to secure work and become contributing members of society. In order not to serve as a disincentive to the adoption of older children, the vouchers would also be available to individuals adopted from foster care after reaching age 16.

Funding for Independent Living over the past five years have been:

1999	.....	\$70,000,000
2000	.....	\$140,000,000 ¹
2001	.....	\$140,000,000
2002	.....	\$140,000,000
2003	.....	\$200,000,000 ²

Rationale for the Budget Request

The FY 2004 request of \$200,000,000 is the same as the FY 2003 President’s Budget. This will allow continued grants to support both the basic Independent Living Program and the program enacted in 2002 to provide \$5,000 vouchers for youth who “age out” of foster care for college tuition or vocational training.

¹ Includes a supplemental appropriation of \$35,000,000.

² Of this amount, \$140 million is mandatory and \$60 million is discretionary.

Resource and Program Data
Independent Living Program

	FY 2002 Actual	FY 2003 President's Budget	FY 2004 Estimate
<u>Resource Data:</u>			
Service Grants:			
Formula	\$137,900,000	\$197,000,000	\$197,000,000
Discretionary			
Research/Evaluation	1,350,000	1,600,000	1,600,000
Demonstration/Development			
Training/Technical Assistance	300,000	950,000	950,000
Program Support ¹	441,690	450,000	450,000
Total, Resources	\$139,991,690	\$200,000,000	\$200,000,000
<u>Program Data:</u>			
Number of Grants	52	52	52
New Starts:			
#	52	52	52
\$	\$137,900,000	\$197,000,000	\$197,000,000
Continuations:			
#			
\$			
Contracts:			
#	4	4	4
\$	\$1,932,989	\$2,729,958	\$2,729,958
Interagency Agreements:			
#			
\$			

¹Includes funding for information technology support, staffing and associated overhead costs, contract fees, and printing cost.

**DEPARTMENT OF HEALTH AND HUMAN SERVICES
ADMINISTRATION FOR CHILDREN AND FAMILIES**

FY 2004 MANDATORY/DISCRETIONARY STATE/FORMULA GRANTS

PROGRAM: Independent Living Program (CFDA #93.674)

STATE/TERRITORY	FY 2002 Actual	FY 2003 Pres. Budget	FY 2004 Estimate	Difference +/- 2003
Alabama	\$1,336,297	\$2,048,053	\$2,048,053	\$0
Alaska	500,000	744,590	744,590	0
Arizona	1,554,092	2,117,181	2,117,181	0
Arkansas	693,779	1,063,062	1,063,062	0
California	26,987,207	37,727,841	37,727,841	0
Colorado	1,874,643	2,617,587	2,617,587	0
Connecticut	1,498,108	2,577,691	2,577,691	0
Delaware	500,000	608,365	608,365	0
District of Columbia	1,091,992	1,440,960	1,440,960	0
Florida	10,082,821	11,383,114	11,383,114	0
Georgia	2,692,201	4,326,532	4,326,532	0
Hawaii	578,976	915,863	915,863	0
Idaho	500,000	616,427	616,427	0
Illinois	7,925,186	10,111,292	10,111,292	0
Indiana	2,074,958	3,261,408	3,261,408	0
Iowa	1,203,305	1,815,217	1,815,217	0
Kansas	1,573,226	2,212,447	2,212,447	0
Kentucky	1,371,022	2,353,799	2,353,799	0
Louisiana	1,358,131	1,884,253	1,884,253	0
Maine	753,542	1,110,522	1,110,522	0
Maryland	3,098,972	4,311,056	4,311,056	0
Massachusetts	2,755,036	4,175,894	4,175,894	0
Michigan	5,543,378	10,768,870	10,768,870	0
Minnesota	2,149,603	2,847,326	2,847,326	0
Mississippi	769,133	1,050,680	1,050,680	0
Missouri	3,111,964	4,572,780	4,572,780	0
Montana	525,590	711,705	711,705	0
Nebraska	1,470,708	2,138,160	2,138,160	0
Nevada	523,228	695,686	695,686	0
New Hampshire	500,000	634,645	634,645	0
New Jersey	2,297,848	3,783,136	3,783,136	0
New Mexico	500,000	679,562	679,562	0
New York	11,626,283	16,345,347	16,345,347	0
North Carolina	2,576,217	3,483,594	3,483,594	0
North Dakota	500,000	620,197	620,197	0

STATE/TERRITORY	FY 2002 Actual	FY 2003 Pres. Budget	FY 2004 Estimate	Difference +/- 2003
Ohio	4,847,710	7,553,203	7,553,203	0
Oklahoma	2,018,974	3,124,527	3,124,527	0
Oregon	1,775,194	2,328,624	2,328,624	0
Pennsylvania	5,239,835	7,477,885	7,477,885	0
Rhode Island	591,023	846,391	846,391	0
South Carolina	1,109,998	1,671,115	1,671,115	0
South Dakota	500,000	654,853	654,853	0
Tennessee	2,506,060	3,380,748	3,380,748	0
Texas	4,521,017	6,692,368	6,692,368	0
Utah	500,000	762,819	762,819	0
Vermont	500,000	646,162	646,162	0
Virginia	1,695,116	2,512,690	2,512,690	0
Washington	2,107,084	3,131,062	3,131,062	0
West Virginia	811,652	1,139,411	1,139,411	0
Wisconsin	2,560,154	3,653,822	3,653,822	0
Wyoming	500,000	606,167	606,167	0
Subtotal	135,881,263	193,936,691	193,936,691	0
Puerto Rico	2,018,737	3,063,309	3,063,309	0
Subtotal	2,018,737	3,063,309	3,063,309	0
Total States/Territories	137,900,000	197,000,000	197,000,000	0
Technical Assistance	2,100,000	3,000,000	3,000,000	0
Subtotal Adjustments	2,100,000	3,000,000	3,000,000	0
TOTAL RESOURCES	\$140,000,000	\$200,000,000	\$200,000,000	\$0

DEPARTMENT OF HEALTH AND HUMAN SERVICES
ADMINISTRATION FOR CHILDREN AND FAMILIES

Social Services Block Grant

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SOCIAL SERVICES BLOCK GRANT

For making grants to States pursuant to section 2002 of the Social Security Act,
\$1,700,000,000.

*Departments of Labor, Health and Human Services and Education, and Related Agencies
Appropriations Act, 2003, as proposed in the FY 2003 President's Budget*

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Administration for Children and Families

Social Services Block Grant

Amounts Available for Obligation

	<u>2002 Enacted</u>	<u>2003 President's Budget</u>	<u>2004 Estimate</u>
Appropriation:			
Annual	\$1,700,000,000	\$1,700,000,000	\$1,700,000,000
Total Obligations.....	\$1,700,000,000	\$1,700,000,000	\$1,700,000,000

SUMMARY OF CHANGES

2003 President's Budget Request	\$1,700,000,000
2004 Estimate.....	<u>\$1,700,000,000</u>
Net Change.....	\$0

Social Services Block Grant

Budget Authority by Activity

	<u>2002 Enacted</u>	<u>2003 President's Budget</u>	<u>2004 Estimate</u>
Social Services Block Grant.....	\$1,700,000,000	\$1,700,000,000	\$1,700,000,000
Total, Budget Authority....	1,700,000,000	1,700,000,000	1,700,000,000
Obligations.....	\$1,700,000,000	\$1,700,000,000	\$1,700,000,000

Budget Authority by Object

	<u>2003 President's Budget</u>	<u>2004 Estimate</u>	<u>Increase or Decrease</u>
Grants, subsidies and contributions.....	\$1,700,000,000	\$1,700,000,000	\$0
Total, Budget Authority	\$1,700,000,000	\$1,700,000,000	\$0

Social Services Block Grant

Authorizing Legislation

	<u>2003 Amount Authorized</u>	<u>2003 President's Budget</u>	<u>2004 Amount Authorized</u>	<u>2004 Budget Request</u>
Social Services Block Grant (Section 2003 of the Social Security Act, as amended.)	\$1,700,000,000	\$1,700,000,000	\$1,700,000,000	\$1,700,000,000

Social Services Block Grant

APPROPRIATIONS HISTORY TABLE

<u>Year</u>	<u>Budget Estimate To Congress</u>	<u>House Allowance</u>	<u>Senate Allowance</u>	<u>Appropriation</u>
1995	2,800,000,000	2,800,000,000	2,800,000,000	2,800,000,000
1996	2,800,000,000	2,800,000,000	2,520,000,000	2,381,000,000
1997	2,800,000,000	2,480,000,000	2,240,000,000	2,500,000,000
1998	2,380,000,000	2,245,000,000	2,245,000,000	2,299,000,000
1999	1,909,000,000	2,299,000,000	1,909,000,000	1,909,000,000
2000	2,380,000,000	1,909,000,000	1,050,000,000	1,775,000,000
2001	1,775,000,000	1,700,000,000	600,000,000	1,725,000,000
2002	1,700,000,000	1,700,000,000	1,700,000,000	1,700,000,000
2003	1,700,000,000			
2004	1,700,000,000			

Social Services Block Grant

Justification

2002 Enacted	2003 President's Budget	2004 Estimate	Increase or Decrease
\$1,700,000,000	\$1,700,000,000	\$1,700,000,000	\$0

General Statement

The Social Services Block Grant (SSBG) is designed to reduce or eliminate dependency; achieve or maintain self-sufficiency for families; help prevent neglect, abuse or exploitation of children and adults; prevent or reduce inappropriate institutional care; and secure admission or referral for institutional care when other forms of care are not appropriate. The Social Services Block Grant serves low-income children and families, the disabled, and elderly with well-documented need.

Since enactment in 1975, Federal funding under Title XX has represented the Federal Government's partnership with States to ensure the availability of social services for vulnerable families and children and acts as the glue that holds the human services delivery system together. The Social Services Block Grant provides State and local flexibility in managing Federal funds and enables States to target social services to those populations that might not otherwise be eligible for services needed to remain self-sufficient and economically independent.

Services directed toward the program's goals include, but are not limited to: child care services; protective services for children and adults; services for children and adults in foster care; services related to the management and maintenance of home day care services; employment services; information, referral, and counseling services; the preparation and delivery of meals; health support services; and appropriate combinations of services designed to meet the needs of children, the aged, the mentally impaired, the blind, the emotionally disturbed, the physically handicapped, and alcohol and drug addicted individuals.

Activities supported with Social Services Block Grant funds vary from State to State, with each of the 50 States, the District of Columbia, and jurisdictions designing social services programs best suited to meet the specific needs of their residents.

The President's appropriation request of \$1,700,000,000 for this account represents current law requirements. No proposed law amounts are included.

SOCIAL SERVICES BLOCK GRANT

Authorizing Legislation -- Section 2003 of Title XX of the Social Security Act, as amended.

2002 Enacted	2003 President's Budget	2004 Estimate	Increase or Decrease
\$1,700,000,000	\$1,700,000,000	\$1,700,000,000	\$0

2003 Authorization....\$1,700,000,000.

Purpose and Method of Operation

The Social Services Block Grant is an appropriated entitlement program that serves low-income children and families, the disabled and the elderly. Social Services Block Grant funds are distributed to the 50 United States and the District of Columbia, based on each State's relative population as compared to all other States. Distributions are made to Puerto Rico, Guam, American Samoa, the Virgin Islands, and the Commonwealth of the Northern Marianas based on the same ratio allotted to them in 1981 as compared to the total 1981 appropriation. There are no matching requirements.

This program encourages each State, as far as practicable under the conditions in the State, to furnish a variety of social services best suited to the needs of individuals residing within the State.

Funding for the Social Services Block Grant program during the last five years has been as follows:

1999.....	\$1,909,000,000
2000.....	\$1,775,000,000
2001.....	\$1,725,000,000
2002.....	\$1,700,000,000
2003.....	\$1,700,000,000

Rationale for the Budget Request

The FY 2004 request for the Social Services Block Grant is \$1,700,000,000, the same as the FY 2003 President’s Budget. The SSBG program provides funding to States for a broad array of services for a variety of populations. SSBG funds are used to prevent, reduce or eliminate dependency; prevent neglect, abuse or exploitation of children and adults; prevent or reduce inappropriate institutional care; and provide admission or referral for institutional care when other forms of care are inappropriate.

Resource and Program Data
Social Services Block Grant

	2002 Actual	2003 President's Budget	2004 Estimate
<u>Resource Data:</u>			
Service Grants:			
Formula	\$1,700,000,000	\$1,700,000,000	\$1,700,000,000
Discretionary			
Research/Evaluation			
Demonstration/Development			
Training/Technical Assistance			
Program Support			
Total, Resources	\$1,700,000,000	\$1,700,000,000	\$1,700,000,000
<u>Program Data:</u>			
Number of Grants	57	57	57
New Starts:			
#	57	57	57
\$	\$1,700,000,000	\$1,700,000,000	\$1,700,000,000
Continuations:			
#			
\$			
Contracts:			
#			
\$			
Interagency Agreements:			
#			
\$			

**DEPARTMENT OF HEALTH AND HUMAN SERVICES
ADMINISTRATION FOR CHILDREN AND FAMILIES**

FY 2004 MANDATORY STATE/FORMULA GRANTS

PROGRAM: Social Services Block Grant (CFDA #93.667)

STATE/TERRITORY	FY 2002 Actual	FY 2003 Pres. Budget	FY 2004 Estimate	Difference +/- 2003
Alabama	\$26,713,831	\$26,499,688	\$26,499,688	\$0
Alaska	3,765,995	3,768,615	3,768,615	0
Arizona	30,819,824	31,503,450	31,503,450	0
Arkansas	16,059,175	15,979,807	15,979,807	0
California	203,467,765	204,793,075	204,793,075	0
Colorado	25,837,773	26,222,829	26,222,829	0
Connecticut	20,457,307	20,330,680	20,330,680	0
Delaware	4,707,103	4,725,905	4,725,905	0
District of Columbia	3,436,371	3,394,242	3,394,242	0
Florida	96,006,510	97,327,036	97,327,036	0
Georgia	49,176,210	49,765,551	49,765,551	0
Hawaii	7,277,730	7,267,827	7,267,827	0
Idaho	7,772,805	7,841,276	7,841,276	0
Illinois	74,602,977	74,092,901	74,092,901	0
Indiana	36,525,612	36,296,128	36,296,128	0
Iowa	17,578,495	17,351,513	17,351,513	0
Kansas	16,149,388	15,994,949	15,994,949	0
Kentucky	24,278,999	24,132,477	24,132,477	0
Louisiana	26,845,241	26,506,063	26,506,063	0
Maine	7,658,492	7,637,463	7,637,463	0
Maryland	31,816,113	31,906,048	31,906,048	0
Massachusetts	38,139,171	37,866,507	37,866,507	0
Michigan	59,700,460	59,303,859	59,303,859	0
Minnesota	29,551,423	29,514,725	29,514,725	0
Mississippi	17,087,926	16,964,794	16,964,794	0
Missouri	33,610,560	33,417,022	33,417,022	0
Montana	5,419,506	5,368,567	5,368,567	0
Nebraska	10,279,596	10,169,483	10,169,483	0
Nevada	12,003,575	12,501,311	12,501,311	0
New Hampshire	7,423,395	7,474,293	7,474,293	0
New Jersey	50,545,193	50,362,197	50,362,197	0
New Mexico	10,927,051	10,857,512	10,857,512	0
New York	113,992,011	112,848,436	112,848,436	0
North Carolina	48,352,407	48,592,350	48,592,350	0
North Dakota	3,857,710	3,765,980	3,765,980	0

STATE/TERRITORY	FY 2002 Actual	FY 2003 Pres. Budget	FY 2004 Estimate	Difference +/- 2003
Ohio	68,198,572	67,511,483	67,511,483	0
Oklahoma	20,728,157	20,538,571	20,538,571	0
Oregon	20,552,422	20,614,372	20,614,372	0
Pennsylvania	73,772,572	72,934,516	72,934,516	0
Rhode Island	6,297,276	6,285,576	6,285,576	0
South Carolina	24,100,248	24,117,370	24,117,370	0
South Dakota	4,534,365	4,491,054	4,491,054	0
Tennessee	34,175,653	34,071,828	34,071,828	0
Texas	125,257,360	126,581,825	126,581,825	0
Utah	13,414,697	13,473,097	13,473,097	0
Vermont	3,657,238	3,639,202	3,639,202	0
Virginia	42,520,802	42,665,216	42,665,216	0
Washington	35,406,120	35,543,630	35,543,630	0
West Virginia	10,862,764	10,695,879	10,695,879	0
Wisconsin	32,219,718	32,064,832	32,064,832	0
Wyoming	2,966,160	2,934,814	2,934,814	0
Subtotal	1,690,507,824	1,690,507,824	1,690,507,824	0
American Samoa	54,246	54,246	54,246	0
Guam	293,103	293,103	293,103	0
Northern Mariana Islands	58,621	58,621	58,621	0
Puerto Rico	8,793,103	8,793,103	8,793,103	0
Virgin Islands	293,103	293,103	293,103	0
Subtotal	9,492,176	9,492,176	9,492,176	0
Total States/Territories	1,700,000,000	1,700,000,000	1,700,000,000	0
TOTAL RESOURCES	\$1,700,000,000	\$1,700,000,000	\$1,700,000,000	\$0

DEPARTMENT OF HEALTH AND HUMAN SERVICES
ADMINISTRATION FOR CHILDREN AND FAMILIES

Promoting Safe and Stable Families

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ADMINISTRATION FOR CHILDREN AND FAMILIES
Promoting Safe and Stable Families

For carrying out section 436 of the Social Security Act, \$305,000,000; for section 437, [\$200,000,000] \$199,978,000; and for section 439, [\$25,000,000] \$50,000,000.

*Departments of Labor, Health and Human Services and Education, and Related Agencies
Appropriations Act, 2003, as proposed in the FY 2003 President's Budget*

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Administration for Children and Families

Promoting Safe and Stable Families

Amounts Available for Obligation

	<u>2002 Actual</u>	<u>2003 President's Budget</u>	<u>2004 Estimate</u>
Appropriation: Annual ¹	\$374,986,000	\$530,000,000	\$554,978,000
Unobligated balance, lapsing	-1,304	0	0
Total Obligations	\$374,984,696	\$530,000,000	\$554,978,000

¹ Funds are a combination of \$305 million in mandatory funds with the remainder in discretionary funds.

Promoting Safe and Stable Families

SUMMARY OF CHANGES

FY 2003 President's Budget Request	
Total estimated budget authority.....	\$530,000,000
FY 2004 Estimate.....	
	\$554,978,000
Net change.....	+\$24,978,000

	<u>2003 President's Budget Base</u>	<u>Change from Base</u>
Increases:		
<u>Program:</u>		
Increase for Mentoring Children of Prisoners	\$25,000,000	+\$25,000,000
Total Program increases.....		+\$25,000,000
Decreases:		
<u>Program:</u>		
Reduction in level of information technology support	\$200,000,000	-\$22,000
Total Program decreases.....		-\$22,000
Net Change.....		+\$24,978,000

Promoting Safe and Stable Families

Budget Authority by Activity

	<u>2002 Actual</u>	<u>2003 President's Budget</u>	<u>2004 Estimate</u>
Promoting Safe and Stable Families	\$374,984,696	\$505,000,000	\$504,978,000
Mentoring Children of Prisoners	0	25,000,000	50,000,000
Total Obligations	\$374,984,696	\$530,000,000	\$554,978,000

Budget Authority by Object

	<u>2003 Appropriation</u>	<u>2004 Estimate</u>	<u>Increase Or Decrease</u>
Salaries and benefits (11.0, 12.0, and 13.0)	\$56,360	\$97,632	+\$41,272
Travel (21.0)	1,500	3,000	+1,500
Advisory and assistance services (25.1)	3,922,421	\$4,576,050	+\$653,629
Purchases of goods and services from government accounts (25.3)	2,357,640	2,626,368	+268,728
Supplies and materials (31.0)	2,000	3,000	+1,000
Grants, subsidies and contributions (41.0)	523,660,079	547,671,950	+24,011,871
Total, Budget Authority	\$530,000,000	\$554,978,000	+\$24,978,000

Promoting Safe and Stable Families

Authorizing Legislation

	<u>2003 Amount Authorized</u>	<u>2003 President's Budget</u>	<u>2004 Amount Authorized</u>	<u>2004 Estimate</u>
Promoting Safe and Stable Families - Sections 430-438 of the Social Security Act, as amended.	\$505,000,000	\$505,000,000	\$505,000,000	\$504,978,000
Mentoring Children of Prisoners – Section 439 of the Social Security Act, as amended.	\$67,000,000	\$67,000,000	Such sums	\$50,000,000

Promoting Safe and Stable Families

APPROPRIATIONS HISTORY TABLE

<u>Year</u>	<u>Budget Estimate To Congress</u>	<u>House Allowance</u>	<u>Senate Allowance</u>	<u>Appropriation</u>
1995	150,000,000	150,000,000	150,000,000	150,000,000
1996	225,000,000	225,000,000	225,000,000	225,000,000
1997	240,000,000	240,000,000	240,000,000	240,000,000
1998	255,000,000	255,000,000	255,000,000	255,000,000
1999	275,000,000	275,000,000	275,000,000	275,000,000
Rescission				-44,000
2000	295,000,000	295,000,000	295,000,000	295,000,000
2001	305,000,000	305,000,000	305,000,000	305,000,000
2002	572,000,000	375,000,000	375,000,000	375,000,000
Rescission				-14,000
2003	530,000,000			
2004	554,978,000			

Promoting Safe and Stable Families

Justification

2002 Enacted	2003 President's Budget	2004 Estimate	Increase or Decrease
\$374,986,000	\$530,000,000	\$554,978,000	+\$24,978,000

General Statement

The Promoting Safe and Stable Families program is a combination of a capped entitlement program and a discretionary grant program. Its purpose is to enable each State to operate a coordinated program of family preservation services, community-based family support services, time-limited reunification services, and adoption promotion and support services.

- Family preservation services are services designed to help families alleviate crises; maintain the safety of children in their own homes; support families who are preparing to reunify or adopt, and assist families to obtain services and other support necessary to address their multiple needs in a culturally sensitive manner. The definition was amended in the recent reauthorization to allow States to support infant safe haven programs.
- Family support services are primarily community-based preventive activities designed to promote parental competencies and behaviors that will increase the ability of families to successfully nurture their children; enable families to use other resources and opportunities available in the community; create supportive networks to enhance child-rearing abilities of parents and help compensate for the increased social isolation and vulnerability of families; and strengthen parental relationships and promote healthy marriages.
- Time-limited reunification services are provided to a child that is removed from home and placed in a foster care setting and to the parents or primary caregiver. These services are available only during a child's first 15 months in foster care in order to facilitate the safe and timely reunification of the family.
- Adoption promotion and support services are designed to encourage more adoptions out of foster care when adoptions promote the best interests of the children. They include pre- and post-adoption services designed to expedite the adoption process and support adoptive families.

Legislation was enacted in November, 2002 to reauthorize this program through FY 2006 and increase the authorization to \$505,000,000 for each year. The new law authorized mandatory funding of \$305 million for FY 2002 through FY 2006 with the existing set-aside amounts. The law also authorized additional discretionary funding of \$200 million for FY 2002 through 2006.

From any discretionary funding, the law provides a 3.3 percent set-aside for evaluation, research and technical assistance, a 3.3 percent set-aside for State Court Improvements and a 2 percent set-aside for grants to tribes. In addition, the new law includes a discretionary initiative to provide competitive grants to State and local governments, Indian tribes and consortia and faith-based and community-based organizations to mentor children of prisoners and those recently released from prison. A grant under the mentoring program is available to pay up to 75 percent of the first two fiscal years for which the grant is awarded and up to 50 percent for subsequent fiscal years.

PROMOTING SAFE AND STABLE FAMILIES

Authorizing Legislation – Sections 436 and 437, Title IV-B, Subpart 2 of the Social Security Act as amended.

2002 Enacted	2003 President's Budget	2004 Estimate	Increase or Decrease
\$374,986,000	\$505,000,000	\$504,978,000	-\$22,000

2004 Authorization....\$505,000,000 (\$305,000,000 in mandatory funding and \$200,000,000 in discretionary funding).

Purpose and Method of Operation

The Promoting Safe and Stable Families program provides grants to States to develop, establish and expand coordinated programs of four types of community-based services: (1) family preservation services, (2) time-limited family reunification services, (3) community-based family support services, and (4) adoption promotion and support services. States are required to use a portion of these funds for each group of services.

Current law provides that one percent of the mandatory amounts and two percent of discretionary funds appropriated are reserved for allotment to tribal organizations or Indian tribes that have submitted a plan and whose allotment is greater than \$10,000. Tribal allotments are based on the number of children in the tribe relative to the number of children in all tribes with approved plans. The allotment to Puerto Rico, Guam, the Virgin Islands, the Northern Mariana Islands and American Samoa is determined by a formula. From the mandatory funds, \$10 million is set aside for State court improvement programs, and \$6 million is set aside for evaluation, research and training. An additional 3.3 percent of any discretionary funds are to be used for each of the above activities. The remaining funds are distributed to States based on the State's share of children in all States receiving food stamp benefits. States are entitled to payments equal to their allotments, for use in paying not more than 75 percent of the costs of activities under the approved State plan. The remaining 25 percent of costs must be paid with funds from non-federal sources.

States carry out a comprehensive planning process, consulting with a broad range of public and private agencies providing services to families, as well as with parents and families themselves, to ensure that services are coordinated and that funds are spent in a manner responsive to the needs of families.

Funding for the Promoting Safe and Stable Families Program (formerly Family Preservation and Support Program) during the last five years has been as follows:

1999.....	\$275,000,000
2000.....	\$295,000,000
2001.....	\$305,000,000
2002.....	\$374,986,000 ¹
2003.....	\$505,000,000 ²

Rationale for the Budget Request

The FY 2004 request for the Promoting Safe and Stable Families program is \$504,978,000, \$22,000 less than the FY 2003 request. The Administration is committed to helping families in crisis and to protecting children from abuse and neglect. The federal-State child welfare system needs to sustain its investment in supporting and preserving families. The current child welfare system has three primary goals: to ensure children’s safety; to create permanency in children’s living arrangements; and to promote the well-being of children and families.

¹ Funding is a combination of \$305 million in mandatory funding and \$70 million in discretionary funding.

² Funding is a combination of \$305 million in mandatory funding and \$200 million in discretionary funding.

Resource and Program Data
Promoting Safe and Stable Families

	FY 2002 Actual	FY 2003 President's Budget	FY 2004 Estimate
<u>Resource Data:</u>			
Service Grants:			
Formula	\$356,674,696	\$475,800,000	\$475,779,452
Discretionary	10,000,000	16,600,000	16,599,274
Research/Evaluation	504,652	2,250,000	2,250,000
Demonstration/Development	1,049,868	1,049,177	1,050,000
Training/Technical Assistance	6,299,830	8,600,000	8,617,000
Program Support ¹	455,650	700,823	682,274
Total, Resources	\$374,984,696	\$505,000,000	\$504,978,000
<u>Program Data:</u>			
Number of Grants	56	56	56
New Starts:			
#			
\$			
Continuations:			
#	56	56	56
\$	\$370,191,383	\$499,285,079	\$498,921,950
Contracts:			
#	11	14	14
\$	\$2,688,313	\$3,609,921	\$3,951,050
Interagency Agreements:			
#	5	5	5
\$	\$2,105,000	\$2,105,000	\$2,105,000

¹ Includes funding for information technology support, contract fees and support for Departmental evaluation activities. FY 2004 includes a reduction in information technology support.

**DEPARTMENT OF HEALTH AND HUMAN SERVICES
ADMINISTRATION FOR CHILDREN AND FAMILIES**

FY 2004 MANDATORY/DISCRETIONARY STATE/FORMULA GRANTS

PROGRAM: Promoting Safe and Stable Families (CFDA # 93.556)

STATE/TERRITORY	2002 Actual	2003 Pres. Budget	2004 Estimate	Difference +/- 2003
Alabama	\$7,223,812	\$10,112,024	\$10,111,587	-\$437
Alaska	792,286	999,151	999,108	-43
Arizona	6,346,894	7,626,586	7,626,257	-329
Arkansas	4,412,657	5,963,304	5,963,046	-258
California	55,883,291	67,623,587	67,620,664	-2,923
Colorado	3,366,643	4,018,984	4,018,810	-174
Connecticut	3,417,595	4,295,203	4,295,018	-185
Delaware	813,972	934,971	934,931	-40
District of Columbia	1,575,506	2,070,118	2,070,029	-89
Florida	17,701,135	21,120,278	21,119,366	-912
Georgia	12,352,474	15,695,275	15,694,597	-678
Hawaii	2,184,128	2,817,704	2,817,582	-122
Idaho	1,067,760	1,467,125	1,467,062	-63
Illinois	16,476,219	20,177,255	20,176,384	-871
Indiana	5,562,410	7,507,111	7,506,787	-324
Iowa	2,382,460	2,955,205	2,955,077	-128
Kansas	2,174,220	2,593,227	2,593,115	-112
Kentucky	6,409,881	8,363,654	8,363,293	-361
Louisiana	10,130,810	13,380,172	13,379,594	-578
Maine	1,587,519	1,894,836	1,894,754	-82
Maryland	5,827,063	6,669,187	6,668,899	-288
Massachusetts	5,593,489	6,818,406	6,818,112	-294
Michigan	13,731,216	17,002,407	17,001,673	-734
Minnesota	3,801,649	4,911,755	4,911,543	-212
Mississippi	6,024,915	7,521,007	7,520,682	-325
Missouri	7,571,740	9,696,704	9,696,285	-419
Montana	1,065,149	1,386,792	1,386,732	-60
Nebraska	1,679,725	2,085,839	2,085,749	-90
Nevada	1,294,455	1,589,321	1,589,252	-69
New Hampshire	721,274	926,518	926,478	-40
New Jersey	7,727,122	9,149,934	9,149,539	-395
New Mexico	3,483,414	4,448,232	4,448,040	-192
New York	0	34,597,673	34,596,179	-1,494
North Carolina	8,607,159	12,096,623	12,096,101	-522
North Dakota	600,246	752,309	752,277	-32

STATE/TERRITORY	2002 Actual	2003 Pres. Budget	2004 Approp.	Difference +/- 2003
Ohio	12,224,628	15,115,783	15,115,130	-653
Oklahoma	5,024,273	6,417,126	6,416,849	-277
Oregon	3,692,435	4,918,335	4,918,123	-212
Pennsylvania	15,044,630	18,735,616	18,734,807	-809
Rhode Island	1,504,529	2,000,591	2,000,505	-86
South Carolina	6,022,201	7,685,339	7,685,007	-332
South Dakota	836,500	1,130,520	1,130,471	-49
Tennessee	8,775,755	11,356,176	11,355,686	-490
Texas	34,112,074	39,683,910	39,682,196	-1,714
Utah	1,886,385	2,359,224	2,359,122	-102
Vermont	688,968	902,169	902,130	-39
Virginia	7,107,738	8,397,017	8,396,654	-363
Washington	6,290,048	7,460,125	7,459,803	-322
West Virginia	3,748,510	4,772,782	4,772,576	-206
Wisconsin	3,935,636	4,946,991	4,946,777	-214
Wyoming	468,447	607,428	607,402	-26
Subtotal	340,953,045	457,757,609	457,737,840	-19,769
Tribes	4,450,000	7,050,000	7,049,696	-304
American Samoa	221,474	250,125	250,114	-11
Guam	409,423	482,787	482,766	-21
Northern Mariana Islands	160,845	175,073	175,065	-8
Puerto Rico	7,860,670	9,706,692	9,706,273	-419
Virgin Islands	324,543	377,714	377,698	-16
Subtotal	13,426,955	18,042,391	18,041,612	-779
Total States/Territories	354,380,000	475,800,000	475,779,452	-20,548
Technical Assistance	8,294,696	12,600,000	12,599,274	-726
State Courts	12,310,000	16,600,000	16,599,274	-726
Subtotal Adjustments	20,604,696	29,200,000	29,198,548	-1,452
TOTAL RESOURCES	\$374,984,696	\$505,000,000	\$504,978,000¹	\$0

¹ A small reduction in the level of information technology support was taken in FY 2004 in a variety of discretionary accounts, including Promoting Safe and Stable Families. Because the distribution of funds in Promoting Safe and Stable Families is driven by formula, it was not possible to limit the impact to solely program support funding.

MENTORING CHILDREN OF PRISONERS

Authorizing Legislation – Section 439, Title IV-B, Subpart 2 of the Social Security Act, as amended.

2002 Enacted	2003 President’s Budget	2004 Estimate	Increase or Decrease
\$0	\$25,000,000	\$50,000,000	+\$25,000,000

2004 Authorization....Such sums.

Purpose and Method of Operation

Legislation was enacted in 2001 to amend Title IV-B subpart 2 of the Social Security Act to create a discretionary program to provide competitive grants to State and local governments, Indian tribes and consortia, and faith and community-based organizations to mentor children of prisoners and those recently released from prison. Applicants can apply for grants up to \$5 million. Grantees are required to become gradually more self-sufficient through public-private partnerships. A grant for a program shall be available to pay up to 75 percent of program cost in the first two fiscal years of funding and up to 50 percent in the subsequent fiscal years.

Funding for Mentoring Children of Prisoners has been as follows:

2003..... \$25,000,000

Rationale for the Budget Request

The FY 2004 request for the Mentoring Children of Prisoners program is \$50,000,000, an increase of \$25 million from the FY 2003 President’s Budget. As a result of this funding increase, the number of grants awarded will be doubled in FY 2004.

This program helps children through the time parents are imprisoned, including efforts to keep children connected to a parent in prison, and increase the chances that the family can come together successfully when the parent is released. The arrest and incarceration of a parent often results in traumatic separations for children, followed frequently by erratic shifts from one caregiver to another. As a group, these children are less likely than their peers to succeed in school and more likely to succumb to substance abuse, gangs, early childbearing, and delinquency. Children of incarcerated mothers are particularly vulnerable, as these children typically come from households where the mother was the sole provider, making placement in foster care more likely when the mother is in prison. The limited data available indicates that placements in foster care as a result of a parent’s incarceration increased from 2.5 percent of the placements in 1997 to 5.9 percent (roughly 30,000 children) in 1999.

Resource and Program Data
Mentoring Children of Prisoners

	2002 Actual	2003 President's Budget	2004 Estimate
<u>Resource Data:</u>			
Service Grants:			
Formula			
Discretionary			
Research/Evaluation			
Demonstration/Development		\$24,375,000	\$48,750,000
Training/Technical Assistance		312,500	625,000
Program Support ¹		312,500	625,000
Total, Resources		\$25,000,000	\$50,000,000
<u>Program Data:</u>			
Number of Grants		10	20
New Starts:			
#		10	10
\$		\$24,375,000	\$24,375,000
Continuations:			
#			10
\$			\$24,375,000
Contracts:			
#		3	4
\$		\$625,000	\$1,250,000
Interagency Agreements:			
#			
\$			

¹ Includes funding for information technology support, grant review cost, and staff and associated overhead costs.