

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, [\$5,037,900,000] \$4,852,800,000.

For making payments to States or other non-Federal entities, under title IV-E of the Act, for the first quarter of fiscal year [2006, \$1,767,200,000] 2007, \$1,730,000,000.

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 Bill, 2005*

Note: The President's Budget continues to support a legislative proposal supporting the creation of a child welfare program option for the Foster Care program which would require an additional \$36 million in FY 2006 and an increase in the advance for FY 2007 of \$37 million. A new legislative proposal for FY 2006 to allow the District of Columbia to use the same match rate in the title IV-E programs as in Medicaid would require an additional \$8 million in 2006 and an increase in the advance for 2007 of \$2 million. These increases are offset in part by savings generated from a second legislative proposal to clarify the process for determining title IV-E eligibility in the Foster Care program. This proposal saves \$84 million in FY 2006 and reduces the advance for FY 2007 by \$19 million.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Administration for Children and Families
Payments to States for Foster Care and Adoption Assistance

	<u>Amounts Available for Obligation</u>		
	<u>2004 Actual</u>	<u>2005 Appropriation</u>	<u>2006 Estimate</u>
Appropriation Annual (definite)	\$5,068,300,000	\$5,037,900,000	\$4,812,800,000
Permanent	1,745,600,000	1,767,700,000	1,767,200,000
Unobligated balance lapsing	-387,513,019	-335,600,000	0
<hr/>			
Total obligations	\$6,426,386,981	\$6,470,000,000	\$6,580,000,000

Payments to States for Foster Care and Adoption Assistance
SUMMARY OF CHANGES

2005 Appropriation

Total estimated budget authority	\$6,805,600,000
(Obligations)	(\$6,470,000,000)

2006 Estimate	\$6,580,000,000
(Obligations).....	(\$6,580,000,000)
Net change	-\$225,600,000
(Obligations).....	(+\$110,000,000)

	<u>2005 Current Budget Base</u>	<u>Change from Base</u>
	<u>Budget Authority</u>	<u>Budget Authority</u>
Increases:		
A. <u>Built-in:</u>		
1. Adoption assistance – Increase in children and payments	\$1,770,100,000	+\$24,900,000
B. <u>Program:</u>		
1. Foster Care – Increase for new alternative funding option for foster care		+36,000,000
2. Foster Care/Adoption Assistance – Increased federal match rate for the District Columbia		+8,000,000
Subtotal, Program increases.....		+\$44,000,000
Total increases		+\$68,900,000
Decreases:		
A. Built-in		
1. Foster Care – Decrease in children and payments	4,895,500,000	-210,500,000

B. Program:

1. Foster Care – Decrease for clarifying definition of home of removal in statute.....	-84,000,000
Total Program decreases.....	-\$294,500,000
Net Change.....	-\$225,600,000

Payments to States for Foster Care and Adoption Assistance

Budget Authority by Activity
(dollars in thousands)

	<u>2004</u> <u>Actual</u>	<u>2005 Final</u> <u>Appropriation</u>	<u>2006</u> <u>Estimate</u>
Foster Care	\$4,974,200	\$4,895,500	\$4,643,000
Adoption Assistance.....	1,699,700	1,770,100	1,797,000
Independent Living	140,000	140,000	140,000
Total Budget Authority.....	\$6,813,900	\$6,805,600	\$6,580,000
(Total Obligations).....	(6,426,387)	(6,470,000)	

Payments to States for Foster Care and Adoption Assistance

Budget Authority by Object

	<u>2005</u> <u>Appropriation</u>	<u>2006</u> <u>Estimate</u>	<u>Increase</u> <u>or</u> <u>Decrease</u>
Salaries and benefits (11.0, 12.0 & 13.0)	\$196,000	\$203,000	+\$7,000
Travel (21.0)	3,000	3,000	0
Communications, utilities and misc. (23.0)	250,000	250,000	0
Advisory and assistance services (25.1)	13,415,000	13,272,000	-143,000
Purchases from government accounts (25.3)	462,000	462,000	0
Research and development (25.5)	0	1,000,000	+1,000,000
Supplies and materials (26.0)	5,000	5,000	0
Grants, subsidies and contributions (41.0)	6,455,669,000	6,564,805,000	+109,136,000
Total Obligations	\$6,470,000,000	\$6,580,000,000	+\$110,000,000

ADMINISTRATION FOR CHILDREN AND FAMILIES

Payments to States for Foster Care and Adoption Assistance

SIGNIFICANT ITEMS IN HOUSE, SENATE AND CONFERENCE APPROPRIATIONS COMMITTEE REPORTS

FY 2005 Senate Appropriations Committee Report Language (S.Rpt 108-345)

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. (p. 214)

Action taken or to be taken

The Administration for Children and Families (ACF) completed the initial round of Child and Family Service Reviews (CFSR) in all 50 States, the District of Columbia, and Puerto Rico (“the States”) in March 2004. All States were required to develop and implement Program Improvement Plans (PIP) to address those areas identified in the CFSR as not being in substantial conformity with Federal requirements. Currently, ACF has approved PIPs for 46 States and is working with the remaining 6 States to complete the development of their PIPs. Of the 46 States with approved PIPs, 11 have completed the 2-year implementation period for the PIP. ACF has completed its evaluation of 5 of the 11 States and has determined that those 5 States successfully implemented all required improvements in their PIPs and reached their approved goals (Vermont, Delaware, Minnesota, Oregon, and Kansas). ACF is still in the process of evaluating the remaining 6 States that have completed their 2-year PIP implementation periods.

ACF is currently working to finalize a schedule for beginning the second round of CFSRs, which will most likely begin in the summer of 2005. In the meantime, ACF is considering recommendations from multiple sources, including State representatives, researchers, the judiciary, and others, on strengthening various aspects of the CFSR based on lessons learned during the first round of reviews. ACF has also used the findings from the first round of reviews to direct the priorities of a network of federally-funded National Resource Centers that provides extensive technical assistance to States during the CFSR process and in implementing the PIPs, and to guide decisions regarding priority areas for discretionary grants funded by ACF.

The compiled findings from the initial 52 CFSRs, along with the reports of individual State reviews and other CFSR information, are posted on the Children’s Bureau website at:

<http://www.acf.dhhs.gov/programs/cb/cwrp/index.htm>

Payments to States for Foster Care and Adoption Assistance

Authorizing Legislation

	<u>2005 Amount Authorized</u>	<u>2005 Appropriation</u>	<u>2006 Amount Authorized</u>	<u>2006 Budget Request</u>
1. Foster Care [Section 470 of the Social Security Act]	Such sums	\$4,895,500,000	Such sums	\$4,643,000,000
2. Independent Living [Sections 470 and 477 of the Social Security Act]	\$140,000,000	\$140,000,000	\$140,000,000	\$140,000,000
3. Adoption Assistance [Section 470 of the Social Security Act]	Indefinite	\$1,770,100,000	Indefinite	\$1,797,000,000
Total Budget Authority		\$6,805,600,000		\$6,580,000,000
Appropriation against definite authorization		\$140,000,000		\$140,000,000

APPROPRIATIONS HISTORY TABLE
Payments to States for Foster Care and Adoption Assistance

	<u>Budget Estimate to Congress</u>	<u>House Allowance</u>	<u>Senate Allowance</u>	<u>Appropriation</u>
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	4,855,000,000	4,855,000,000	4,855,000,000
2004				
Advance	1,745,600,000	1,745,600,000	1,745,600,000	1,745,600,000
Appropriation	4,967,400,000	5,068,300,000	5,068,300,000	5,068,300,000
Leg. Proposal	35,300,000			
2005				
Advance	1,767,700,000	1,767,700,000	1,767,700,000	1,767,700,000
Appropriation	5,037,900,000	5,037,900,000	5,037,900,000	5,037,900,000
Leg. Proposal	-40,400,000			
2006				
Advance	1,767,200,000	1,767,200,000	1,767,200,000	1,767,200,000
Appropriation	4,852,800,000			
Leg. Proposal	-40,000,000			
2007				
Advance	1,730,000,000			
Leg Proposal	20,000,000			

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.

Justification

Payments to States for Foster Care and Adoption Assistance

	2004 Actual	2005 Appropriation	2006 Estimate	Increase or Decrease
Foster Care	\$4,974,200,000	\$4,895,500,000	\$4,643,000,000	-\$252,500,000
Adoption Assistance	1,699,700,000	1,770,100,000	1,797,000,000	+\$26,900,000
Independent Living	140,000,000	140,000,000	140,000,000	0
Total, BA.....	\$6,813,900,000	\$6,805,600,000	\$6,580,000,000	-\$225,600,000
(Total Obligations)	(\$6,426,386,981)	(\$6,470,000,000)		

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 Child Abuse Prevention grants, the Abandoned Infants Assistance program, the Adoption Opportunities program, and the Adoption Incentives program.

Payments to States for Foster Care and Adoption Assistance includes those entitlement programs which assist states with the costs of maintaining eligible children in foster care, preparing children for living on their own, and finding and supporting adoptive homes for children with special needs who are unable to return home. Administrative and training costs are also supported.

Effects of Proposed Legislation

The FY 2006 request of \$6.58 billion reflects current law of \$6.62 billion adjusted by -\$0.04 billion assuming Congressional action on proposed legislation as follows:

- Alternative funding option for the Foster Care program: This proposal would give states more flexibility in both the population served and the activities which are allowable under Title IV-E. This proposal would allow states to receive up-front funding to finance prevention and other child welfare efforts. The up-front funding estimated for FY 2006 is \$36 million, however, this proposal is cost neutral over five years.
- Amend definition of “home of removal”: This proposal would clarify the language regarding “home of removal” in the eligibility of children for title IV-E foster care maintenance payments. The 9th Circuit Court of Appeals ruled against the federal government in the *Rosales v. Thompson* case in March of 2003. ACF seeks to amend the statute so that the statute and the Department’s long-standing interpretation of the Social Security Act are in full accord. This policy will generate savings to the federal government of approximately \$84 million in FY 2006 and \$399 million over five years.
- Amend the federal match rate for maintenance payments in both the Adoption Assistance and Foster Care programs for the District of Columbia to 70% from 50%: This proposal will bring the match rate for title IV-E of the Social Security Act in line with the match rate for the Medicaid programs. This policy will cost the federal government approximately \$8 million in FY 2006 and \$40 million over 5 years.

The request also includes \$1,750,000,000 for the first quarter of FY 2007. These funds will ensure the timely awarding of first quarter grants. This amount also includes \$37 million to support the child welfare program option discussed above.

The following tables illustrate how the FY 2006 request for new budget authority was derived:

<u>IV-E Program</u>	Appropriated in 2005 for the First Quarter of <u>2006</u>	Requirement for Quarters 2, 3, and 4 <u>2006</u>	First Quarter Requirement for <u>2007</u>	Total 2006 <u>Estimate</u>
Foster Care	\$1,250,400,000	\$3,392,600,000	\$1,235,000,000	\$4,643,000,000
Adoption Assistance	\$481,800,000	\$1,315,200,000	\$480,000,000	\$1,797,000,000
Independent Living	\$35,000,000	\$105,000,000	\$35,000,000	\$140,000,000
Total, IV-E	\$1,767,200,000	\$4,812,800,000	\$1,750,000,000	\$6,580,000,000

FOSTER CARE

Authorizing Legislation — Section 470 of the Social Security Act

2004 Enacted	2005 Enacted	2006 Estimate	Increase or Decrease
\$4,974,200,000	\$4,895,500,000	\$4,643,000,000	-\$252,500,000

2006 Authorization....Indefinite (with legislative modifications proposed in FY 2005 and 2006).

Statement of the Budget Request

The 2006 request provides \$4,643,000,000 to reimburse states in supporting eligible children in foster care.

Program Description

The Foster Care program supports 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.

The Administration continues to strongly support the Child Welfare Program Option introduced in the President's 2004 Budget. This proposal would allow states the option to receive their foster care funding as a flexible grant for a period of five years or to maintain the program as it is

currently funded. The option would provide states with the flexibility to develop a seamless child welfare system that supports a continuum of services to families in crisis and children at risk. States that choose the grant option would be able to use the funds for foster care payments, prevention activities, permanency efforts (including subsidized guardianships), case management, administrative activities (including developing and operating state information systems), training for child welfare staff and other such service related child welfare activities. States would be able to develop innovative and effective systems for preventing child abuse and neglect, keeping families and children safely together, and moving children toward adoption and permanency quickly.

ACF also continues to support a legislative change introduced in the FY 2005 President’s Budget in response to the U.S. Court of Appeals for the Ninth Circuit *Rosales v. Thompson* decision, 321 F. 3d 835 (9th Cir. 2003). The Ninth Circuit held that when determining a child’s title IV-E eligibility, agencies must provide title IV-E benefits to a child who would have been eligible for Aid to Families with Dependent Children (as it was in effect on July 16, 1996) in either the home of a specified relative from which the child legally was removed, or the home of a specified relative in which the child lives. This decision is in conflict with the Department’s long-standing interpretation of Section 472(a) of the Social Security Act. Therefore, we are proposing to amend this section of the Act to clarify that a child’s title IV-E foster care maintenance payment eligibility is linked inextricably to the specified relative's home from which the child is removed and is based on whether the child would have been eligible for AFDC in that home (the child’s “home of removal”) as it was in effect on July 16, 1996.

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

2001	.....	\$5,063,500,000
2002	.....	\$5,055,492,000
2003	.....	\$4,884,500,000
2004	.....	\$4,974,200,000
2005	.....	\$4,895,500,000

Performance Analysis

Six measures are used to track annual performance in the title IV-E foster care maintenance payments program. Data from Federal fiscal year 2003, the most recent year available, indicate that annual targets for four of the six measures were either met or exceeded. States are, for example, meeting targets in the areas of moving children to permanency and ensuring stability in foster care placements. Performance in the two measures where targets were not met (increasing number of adoptions and reducing repeat maltreatment) remained stable or are trending in the right direction. ACF’s primary mechanism for assessing and assisting states in improving performance is the Child and Family Services review process which requires states to engage in program improvement in areas of non-conformity. The first review has been completed in all 50 states, Puerto Rico and the District of Columbia. Every jurisdiction has been required to engage in program improvement.

ACF's primary mechanism for assessing and assisting states in improving performance is the Child and Family Services review process which requires states to engage in program improvement in areas of non-conformity. The first review has been completed in all 50 states, Puerto Rico and the District of Columbia. Every jurisdiction has been required to engage in program improvement.

Rationale for the Budget Request

In FY 2006, federal assistance of \$4,643,000,000 is requested, a decrease of \$252,500,000 compared to the FY 2005 enacted level. Of this amount, \$1,250,400,000 was made available for the first quarter of FY 2006 in the FY 2005 appropriation. In addition, \$1,235,000,000 is requested for the first quarter of FY 2007 to ensure timely first quarter grant awards. This request includes funding for the child welfare alternative funding option proposed in the FY 2004 budget and savings resulting from the clarification of the language surrounding "home of removal" in the Social Security Act proposed in the FY 2005 budget. Finally, this request also reflects increased funds to pay the District of Columbia at the federal match rate equal to that used in the Medicaid programs, as is done in the states.

A PART assessment was conducted for this program in FY 2004 and helped inform the development of the FY 2004 budget proposal to create a flexible funding option for states within the Foster Care program. In addition, this program was re-assessed in FY 2005, and the PART Summary is included in the *Supporting Information* section.

Resource and Program Data
Foster Care

	2004 Actual	2005 Enacted	2006 Estimate
<u>Resource Data:</u>			
Service Grants:			
Formula	\$4,736,699,000	4,614,523,000	\$4,627,492,000
Discretionary			
Research/Evaluation			1,000,000
Demonstration/Development			
Training/Technical Assistance	4,445,000	11,750,000	13,778,000
Program Support ¹	620,000	727,000	730,000
Total, Resources	\$4,741,764,000	\$4,627,000,000 ²	\$4,643,000,000
<u>Program Data:</u>			
Number of Grants			
	54	54	54
New Starts:			
#	52	52	52
\$	\$4,736,699,000	\$4,613,919,000	\$4,629,055,000
Continuations:			
#	2	2	2
\$	\$849,000	\$850,000	\$850,000
Contracts:			
#	4	6	7
\$	\$3,726,000	\$11,620,000	\$12,484,000
Interagency Agreements:			
#	1	1	1
\$	\$381,000	\$400,000	\$400,000

¹ Includes funding for information technology support, contractor fees and contractor support.

² Assumes lapse of \$268.5 million.

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

FY 2006 MANDATORY STATE/FORMULA GRANTS

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

STATE/TERRITORY	FY 2004 Actual	FY 2005 Appropriation	FY 2006 Estimate	Difference +/- 2005
Alabama	\$19,220,875	\$18,834,344	\$18,740,342	-\$94,002
Alaska	13,485,040	13,213,857	13,147,907	-65,950
Arizona	58,857,316	57,673,699	57,385,851	-287,848
Arkansas	38,466,720	37,693,157	37,505,031	-188,126
California	1,302,629,488	1,276,433,699	1,270,063,040	-6,370,659
Colorado	60,969,902	59,743,801	59,445,621	-298,180
Connecticut	76,170,609	74,638,823	74,266,302	-372,521
Delaware	6,430,259	6,300,947	6,269,499	-31,448
District of Columbia	16,153,057	15,828,220	15,749,222	-78,998
Florida	131,022,848	128,387,987	127,747,205	-640,782
Georgia	55,317,740	54,205,304	53,934,766	-270,538
Hawaii	19,529,094	19,136,365	19,040,856	-95,509
Idaho	7,847,624	7,689,809	7,651,429	-38,380
Illinois	281,928,281	276,258,722	274,879,920	-1,378,802
Indiana	38,112,542	37,346,101	37,159,707	-186,394
Iowa	24,274,471	23,786,313	23,667,596	-118,717
Kansas	35,104,193	34,398,250	34,226,569	-171,681
Kentucky	48,933,424	47,949,376	47,710,062	-239,314
Louisiana	68,624,045	67,244,020	66,908,406	-335,614
Maine	7,514,832	7,363,709	7,326,957	-36,752
Maryland	111,761,697	109,514,177	108,967,594	-546,583
Massachusetts	71,388,564	69,952,945	69,603,811	-349,134
Michigan	121,710,117	119,262,535	118,667,298	-595,237
Minnesota	64,412,140	63,116,816	62,801,801	-315,015
Mississippi	3,178,284	3,114,369	3,098,825	-15,544
Missouri	59,217,564	58,026,703	57,737,093	-289,610
Montana	8,727,805	8,552,289	8,509,605	-42,684
Nebraska	19,003,064	18,620,914	18,527,977	-92,937
Nevada	16,580,356	16,246,926	16,165,838	-81,088
New Hampshire	14,856,845	14,558,075	14,485,416	-72,659
New Jersey	60,375,163	59,161,022	58,865,750	-295,272
New Mexico	21,602,622	21,168,195	21,062,545	-105,650
New York	492,406,224	482,503,968	480,095,800	-2,408,168
North Carolina	65,131,688	63,821,894	63,503,360	-318,534
North Dakota	10,983,376	10,762,501	10,708,786	-53,715

STATE/TERRITORY	FY 2004 Actual	FY 2005 Appropriation	FY 2006 Estimate	Difference +/- 2005
Ohio	205,767,195	201,629,230	200,622,902	-1,006,328
Oklahoma	17,334,854	16,986,251	16,901,473	-84,778
Oregon	38,167,348	37,399,805	37,213,143	-186,662
Pennsylvania	448,038,711	439,028,682	436,837,498	-2,191,184
Rhode Island	13,235,685	12,969,516	12,904,785	-64,731
South Carolina	17,094,989	16,751,210	16,667,605	-83,605
South Dakota	5,661,855	5,547,995	5,520,305	-27,690
Tennessee	35,099,213	34,393,370	34,221,713	-171,657
Texas	153,905,467	150,810,438	150,057,746	-752,692
Utah	21,684,055	21,247,990	21,141,942	-106,048
Vermont	11,028,468	10,806,686	10,752,750	-53,936
Virginia	84,761,028	83,056,489	82,641,956	-414,533
Washington	73,520,758	72,042,260	71,682,698	-359,562
West Virginia	27,335,003	26,785,298	26,651,613	-133,685
Wisconsin	95,437,772	93,518,525	93,051,776	-466,749
Wyoming	2,295,233	2,249,076	2,237,851	-11,225
Subtotal	4,702,295,503	4,607,732,653	4,584,735,543	-22,997,110
Puerto Rico	6,929,703	6,790,347	6,756,457	-33,890
Subtotal	6,929,703	6,790,347	6,756,457	-33,890
Total States/Territories	4,709,225,206	4,614,523,000	4,591,492,000	-23,031,000
Technical Assistance	5,065,213	12,477,000	15,508,000	3,031,000
New Program Option			36,000,000	36,000,000
Subtotal Adjustments	5,065,213	12,477,000	51,508,000	39,031,000
TOTAL RESOURCES¹	\$4,714,290,419	\$4,627,000,000	\$4,643,000,000	\$16,000,000

¹ The total in FY 2004 reflects grant adjustments made after the end of the fiscal year. FY 2005 awards assume a lapse of \$268.5 million.

ADOPTION ASSISTANCE

Authorizing Legislation — Section 470 of the Social Security Act.

2004 Enacted	2005 Enacted	2006 Estimate	Increase or Decrease
\$1,699,700,000	\$1,770,100,000	\$1,797,000,000	+\$26,900,000

2006 Authorization....Such sums as may be appropriated.

Statement of the Budget Request

The 2006 request provides \$1,797,000,000 to support states in offering adoption assistance subsidies to families adopting special needs children.

Program Description

The Adoption Assistance program 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, 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. 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 more than doubled, from just fewer than 147,000 in FY 1997 to an estimated 369,500 in FY 2003.

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

2001	.....	\$1,197,600,000
2002	.....	\$1,426,000,000
2003	.....	\$1,584,500,000
2004	.....	\$1,699,700,000
2005	.....	\$1,770,100,000

Performance Analysis

ACF has one adoption measure for which data is available. In FY 2003, preliminary data indicate there were 49,000 adoptions. This number is expected to increase as additional adoptions for that year are reported. This represents a significant growth in the number of adoptions over the years, up from 47,000 adoptions in FY 1999 and 31,000 adoptions in 1997. However, the FY 2003 target of 58,500 adoptions was not met, in part, because the decline in the total number of children in foster care during the period was not anticipated. The number of children in care declined from 567,000 in FY 1999 to 523,000 in FY 2003. In addition, targets did not take into account that the average age of the children waiting for adoption would increase by almost one year during this same period, making it more challenging to find adoptive homes for the children. As a result, adoption targets for future years have been adjusted to reflect this new information.

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 2006, an estimated average of 369,500 children per month, an increase of 19,300 children over FY 2005, will have payments made on their behalf, at an estimated cost of \$1,797,000,000, of which \$481,800,000 was appropriated in FY 2005 for the first quarter of FY 2006. This amount includes funds for the costs of administration and training. In addition, the request includes \$480,000,000 for the first quarter of FY 2007 to ensure timely first quarter grant awards. This request also reflects increased funds to pay the District of Columbia at the federal match rate equal to that used in the Medicaid programs, as is done in the states.

Resource and Program Data
Adoption Assistance

	2004 Actual	2005 Enacted	2006 Estimate
<u>Resource Data:</u>			
Service Grants:			
Formula	\$1,544,634,000	\$1,703,000,000	\$1,797,000,000
Discretionary			
Research/Evaluation			
Demonstration/Development			
Training/Technical Assistance			
Program Support			
Total, Resources	\$1,544,634,000	\$1,703,000,000 ¹	\$1,797,000,000
<u>Program Data:</u>			
Number of Grants	52	52	52
New Starts:			
#	52	52	52
\$	\$1,544,634,000	\$1,703,000,000	\$1,797,000,000
Continuations:			
#	0	0	0
\$	\$0	\$0	\$0
Contracts:			
#	0	0	0
\$	\$0	\$0	\$0
Interagency Agreements:			
#	0	0	0
\$	\$0	\$0	\$0

¹ Assumes lapse of \$67.1 million.

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

FY 2006 MANDATORY STATE/FORMULA GRANTS

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

STATE/TERRITORY	FY 2004 Actual	FY 2005 Appropriation	FY 2006 Estimate	Difference +/- 2005
Alabama	\$6,016,977	\$6,633,877	\$7,000,045	\$366,168
Alaska	6,760,035	7,453,118	7,864,506	411,388
Arizona	23,722,358	26,154,530	27,598,174	1,443,644
Arkansas	8,586,613	9,466,969	9,989,514	522,545
California	261,052,235	287,817,023	303,703,577	15,886,554
Colorado	20,382,622	22,472,382	23,712,784	1,240,402
Connecticut	19,047,083	20,999,915	22,159,041	1,159,126
Delaware	1,690,199	1,863,489	1,966,348	102,859
District of Columbia	8,712,420	9,605,674	10,135,876	530,202
Florida	54,725,581	60,336,407	63,666,778	3,330,371
Georgia	34,842,230	38,414,484	40,534,837	2,120,353
Hawaii	8,536,935	9,412,198	9,931,720	519,522
Idaho	2,747,164	3,028,821	3,196,002	167,181
Illinois	80,277,295	88,507,850	93,393,192	4,885,342
Indiana	27,813,768	30,665,418	32,358,048	1,692,630
Iowa	27,499,478	30,318,905	31,992,409	1,673,504
Kansas	8,584,069	9,464,164	9,986,555	522,391
Kentucky	19,327,685	21,309,286	22,485,489	1,176,203
Louisiana	12,844,906	14,161,850	14,943,538	781,688
Maine	13,342,532	14,710,496	15,522,467	811,971
Maryland	15,912,889	17,544,383	18,512,775	968,392
Massachusetts	26,232,093	28,921,579	30,517,955	1,596,376
Michigan	93,183,766	102,737,577	108,408,353	5,670,776
Minnesota	18,480,584	20,375,335	21,499,986	1,124,651
Mississippi	3,529,128	3,890,957	4,105,725	214,768
Missouri	24,434,693	26,939,898	28,426,892	1,486,994
Montana	2,847,149	3,139,057	3,312,323	173,266
Nebraska	6,236,058	6,875,420	7,254,920	379,500
Nevada	5,512,820	6,078,030	6,413,518	335,488
New Hampshire	2,146,115	2,366,149	2,496,752	130,603
New Jersey	23,652,544	26,077,558	27,516,953	1,439,395
New Mexico	11,926,941	13,149,769	13,875,593	725,824
New York	193,104,826	212,903,200	224,654,756	11,751,556
North Carolina	25,600,459	28,225,186	29,783,123	1,557,937
North Dakota	2,850,962	3,143,261	3,316,759	173,498

STATE/TERRITORY	FY 2004 Actual	FY 2005 Appropriation	FY 2006 Estimate	Difference +/- 2005
Ohio	144,109,679	158,884,749	167,654,664	8,769,915
Oklahoma	14,783,362	16,299,049	17,198,703	899,654
Oregon	22,572,845	24,887,161	26,260,851	1,373,690
Pennsylvania	71,654,024	79,000,465	83,361,030	4,360,565
Rhode Island	6,987,062	7,703,421	8,128,625	425,204
South Carolina	10,823,685	11,933,400	12,592,085	658,685
South Dakota	2,186,494	2,410,668	2,543,729	133,061
Tennessee	14,907,131	16,435,508	17,342,694	907,186
Texas	50,660,264	55,854,287	58,937,260	3,082,973
Utah	6,738,790	7,429,695	7,839,790	410,095
Vermont	8,805,264	9,708,037	10,243,889	535,852
Virginia	16,990,870	18,732,885	19,766,879	1,033,994
Washington	26,879,640	29,635,517	31,271,300	1,635,783
West Virginia	11,591,940	12,780,422	13,485,859	705,437
Wisconsin	31,954,257	35,230,417	37,175,020	1,944,603
Wyoming	637,765	703,153	741,965	38,812
Subtotal	1,544,446,284	1,702,793,049	1,796,781,626	93,988,577
Puerto Rico	187,706	206,951	218,374	11,423
Subtotal	187,706	206,951	218,374	11,423
Total States/Territories	1,544,633,990	1,703,000,000	1,797,000,000	94,000,000
TOTAL RESOURCES	\$1,544,633,990	\$1,703,000,000¹	\$1,797,000,000	\$94,000,000

¹ Assumes lapse of \$67.1 million.

INDEPENDENT LIVING

Authorizing Legislation — Sections 477(h)(2) of the Social Security Act.

2004 Enacted	2005 Enacted	2006 Estimate	Increase or Decrease
\$140,000,000	\$140,000,000	\$140,000,000	\$0

2006 Authorization....\$140,000,000.

Statement of the Budget Request

The 2006 request provides \$140,000,000 to support states in offering services and support to children in the foster care program transitioning to independence.

Program Description

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; 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.

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

2001	.....	\$140,000,000
2002	.....	\$140,000,000
2003	.....	\$140,000,000
2004	.....	\$140,000,000
2005	.....	\$140,000,000

Performance Analysis

Performance measurement will be provided for the Independent Living Program through the data collected by the National Youth in Transition Database (NYTD). When the NYTD is implemented within the next few years, annual measures will document whether specific outcomes have been achieved, such as whether there has been an increase in the percentage of youth who:

- have resources to meet their living expenses,
- have a safe place to live,
- attain their educational or vocational goals,
- have positive relationships with adults in their lives,
- avoid high-risk behaviors, and
- are able to access needed health services.

A PART review was conducted as part of the FY 2006 budget process, and the PART Summary and PART Recommendation charts follow the Rationale for the Budget Request.

Rationale for the Budget Request

The FY 2006 request of \$140,000,000 is the same as the FY 2005 enacted level. This will allow continued grants to support the basic Independent Living Program to provide services and support to children aging out of foster care.

Program: *Independent Living Program*

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

Rating: *Results Not Demonstrated*

Program Type: *Block/Formula Grant*

Program Summary:

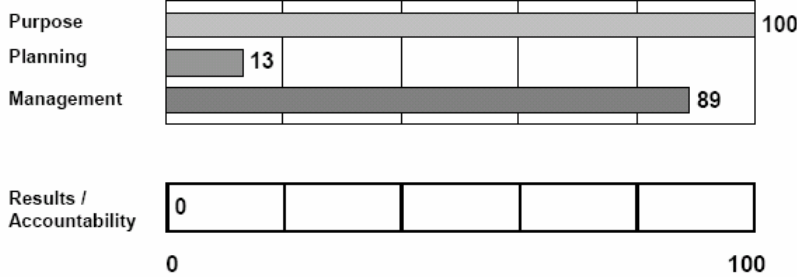
The Independent Living Program (ILP), also known as the Charles E. Young Independence Program (CFCIP), identifies youth who are likely to remain in foster care until the age of 18 and helps them make a successful transition to adulthood primarily through education, training and employment assistance.

The assessment found that ILP addresses a specific need by providing services for adulthood. ILP's services target this group to reduce rates of homelessness and criminal behavior. However, the program has done little to date to evaluate the impact of its services on the lives of beneficiaries. Additional findings include:

- There are neither performance nor efficiency measures to evaluate the effectiveness.
- There is no data collection in place that provides sufficient information about the target population.

In response to these findings, the program will:

1. Accelerate development of the National Youth in Transition Database (NYTD), which will offer data on program demographics and outcomes.
2. Use NYTD to develop ambitious performance measures. The program will focus on program outcomes, including employment and housing, for youth who have aged out of the foster care system.



Key Performance Measures from Latest PART

	Year	Target	Actual

Program Funding Level (in millions of dollars)

<u>2004 Actual</u>	<u>2005 Estimate</u>
140	140

Child Welfare: Independent Living				
1.	Recommendation	Completion Date	On Track? (Y/N)	Comments on Status
	Begin to develop new measures in FY 2007 when the CFCIP Final Rule is made public		Y	Development of intermediate outcome measures was not agreed to by OMB
	Next Milestone	Next Milestone Date	Lead Organization	Lead Official
	Development of outcome measures and data source(s).	TBD	Children's Bureau	Susan Orr

Resource and Program Data
Independent Living

	2004 Actual	2005 Enacted	2006 Estimate
<u>Resource Data:</u>			
Service Grants:			
Formula	\$137,900,000	\$137,900,000	\$137,900,000
Discretionary			
Research/Evaluation	1,776,000	1,795,000	1,788,000
Demonstration/Development			
Training/Technical Assistance			
Program Support ¹	313,000	305,000	312,000
Total, Resources	\$139,989,000	\$140,000,000	\$140,000,000
<u>Program Data:</u>			
Number of Grants	53	53	53
New Starts:			
#	53	53	53
\$	\$137,900,000	\$137,900,000	\$137,900,000
Continuations:			
#	0	0	0
\$	\$0	\$0	\$0
Contracts:			
#	2	2	2
\$	\$1,785,000	\$1,795,000	\$1,788,000
Interagency Agreements:			
#	2	2	2
\$	\$58,000	\$62,000	\$62,000

¹ Includes funding for information technology support, staffing and associated overhead costs, and support for Departmental evaluation activities.

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

FY 2006 MANDATORY STATE/FORMULA GRANTS

PROGRAM: Independent Living Program (CFDA #93.674)

STATE/TERRITORY	FY 2004 Actual	FY 2005 Appropriation	FY 2006 Estimate	Difference +/- 2005
Alabama	\$1,536,181	\$1,536,181	\$1,536,181	\$0
Alaska	550,782	550,782	550,782	0
Arizona	1,606,959	1,606,959	1,606,959	0
Arkansas	764,776	764,776	764,776	0
California	26,112,429	26,112,429	26,112,429	0
Colorado	2,184,770	2,184,770	2,184,770	0
Connecticut	1,519,750	1,519,750	1,519,750	0
Delaware	500,000	500,000	500,000	0
District of Columbia	1,092,276	1,092,276	1,092,276	0
Florida	8,265,302	8,265,302	8,265,302	0
Georgia	3,120,798	3,120,798	3,120,798	0
Hawaii	703,523	703,523	703,523	0
Idaho	500,000	500,000	500,000	0
Illinois	6,316,656	6,316,656	6,316,656	0
Indiana	2,184,711	2,184,711	2,184,711	0
Iowa	1,336,412	1,336,412	1,336,412	0
Kansas	1,549,330	1,549,330	1,549,330	0
Kentucky	1,741,339	1,741,339	1,741,339	0
Louisiana	1,358,484	1,358,484	1,358,484	0
Maine	771,350	771,350	771,350	0
Maryland	3,048,143	3,048,143	3,048,143	0
Massachusetts	3,242,220	3,242,220	3,242,220	0
Michigan	5,235,404	5,235,404	5,235,404	0
Minnesota	2,063,393	2,063,393	2,063,393	0
Mississippi	758,148	758,148	758,148	0
Missouri	3,303,069	3,303,069	3,303,069	0
Montana	500,000	500,000	500,000	0
Nebraska	1,586,304	1,586,304	1,586,304	0
Nevada	500,000	500,000	500,000	0
New Hampshire	500,000	500,000	500,000	0
New Jersey	2,844,433	2,844,433	2,844,433	0
New Mexico	500,000	500,000	500,000	0
New York	11,588,972	11,588,972	11,588,972	0
North Carolina	2,405,731	2,405,731	2,405,731	0
North Dakota	500,000	500,000	500,000	0

STATE/TERRITORY	FY 2004 Actual	FY 2005 Appropriation	FY 2006 Estimate	Difference +/- 2005
Ohio	5,310,180	5,310,180	5,310,180	0
Oklahoma	2,230,667	2,230,667	2,230,667	0
Oregon	2,216,643	2,216,643	2,216,643	0
Pennsylvania	5,341,822	5,341,822	5,341,822	0
Rhode Island	611,725	611,725	611,725	0
South Carolina	1,238,495	1,238,495	1,238,495	0
South Dakota	500,000	500,000	500,000	0
Tennessee	2,353,574	2,353,574	2,353,574	0
Texas	5,413,220	5,413,220	5,413,220	0
Utah	500,000	500,000	500,000	0
Vermont	500,000	500,000	500,000	0
Virginia	1,710,740	1,710,740	1,710,740	0
Washington	2,332,664	2,332,664	2,332,664	0
West Virginia	769,310	769,310	769,310	0
Wisconsin	1,955,276	1,955,276	1,955,276	0
Wyoming	500,000	500,000	500,000	0
Subtotal	135,775,961	135,775,961	135,775,961	0
Puerto Rico	2,124,039	2,124,039	2,124,039	0
Subtotal	2,124,039	2,124,039	2,124,039	0
Total States/Territories	137,900,000	137,900,000	137,900,000	0
Technical Assistance	2,089,126	2,100,000	2,100,000	0
Subtotal Adjustments	2,089,126	2,100,000	2,100,000	0
TOTAL RESOURCES	\$139,989,126	\$140,000,000	\$140,000,000	\$0

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