



## Can States Improve Children's Health by Preventing Abuse and Neglect?

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The federal government gives states far more money to support children who have been removed from their homes and placed in foster care than it gives them for prevention and treatment programs that could keep kids out of foster care in the first place. For a variety of reasons, the foster care caseload is falling. At the same time, evidence is mounting that well-designed programs can identify at-risk families and help resolve family problems as they emerge, often averting the need for foster care later on. Congress has the opportunity to change the funding formula under Title IV of the Social Security Act so that states have the flexibility to put money where it will be most effective at keeping at-risk children safe, ensuring that they have a permanent home, and promoting their wellbeing.

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Since 1980, the federal government's child welfare policy has provided open-ended funding to support children who have been removed from their homes. But prevention and service programs that can help families and children deal with problems that often lead to abuse and neglect have seen far less funding, and that funding has been capped. Proposals to reform this system of child welfare financing, so that money could be transferred from foster care payments to prevention and treatment services that could reduce the need for foster care, date back to the Reagan administration. There may well be another attempt to reform child welfare financing during the current Congress. In this policy brief, we summarize evidence, much of it drawn from Lawrence Berger and Sarah Font's article in a recent issue of the *Future of Children*, that Congress should consider in making decisions about any such financing reform.

But first, some background.

Ironically, parents are one of the biggest threats to many children's health and development. According to an annual study sponsored by the Department of Health and Human Services, in 2013 nearly 680,000 children were reported by states to be victims of abuse or neglect. Worse, 1,520 children died from maltreatment that year, nearly 80 percent of them at the hands of their own parents. Infants under age one suffered most, with an abuse rate of 23.1 per 1,000, over twice as high as the overall child victimization rate of 9.1 per 1,000.

### **Government Programs to Protect Kids in High-Risk Families**

The nation has developed a large, complex, and expensive system for reporting and investigating maltreatment, removing some children from their homes, and preventing and treating problems of parents and children that underlie and result from maltreatment. The child welfare system, supported by federal, state, and local dollars, has offices throughout the nation. These local offices, usually referred to as Child Protective Services (CPS), investigate reports of maltreatment and confirm or reject them. In many cases of confirmed abuse or neglect, they offer a range of treatments to the adults and children involved. Many offices also offer prevention programs designed to head off abuse and neglect.

Federal and state statutes set the general goals of the child welfare system: to ensure children's safety, see that they have a permanent home, and promote their wellbeing. When maltreatment is suspected or confirmed and the problem is not so severe that removing children from their parents' home is deemed necessary, parents and sometimes children receive drug treatment, mental health treatment, or other programs and services. When CPS determines that it is unsafe for children to remain in their home, they are placed in out-of-home care. Most often this means foster care, which is provided by unrelated adults who are paid by the state. In recent years, it has become increasingly common for children to be placed with relatives, especially maternal grandmothers, in what is called kinship care. Some children are placed in group care, although states are under increasing pressure not to do so. The child welfare system also helps find adoptive families for

children whose parents' rights have been terminated by the courts, usually because the children could not live safely with their parents or the parents made insufficient progress with rehabilitation plans.

The federal government has created many programs to help states, localities, and tribes pay for child welfare. The largest include two grant programs in Title IV-B of the Social Security Act that give states fixed funding totaling around \$650 million each year, as well as a series of programs in Title IV-E that give states open-ended funding that totaled about \$6.9 billion in 2014. The IV-E programs pay almost exclusively for out-of-home care for children from poor families, along with the administrative and training expenses associated with foster care, adoption, and guardianship. In sharp contrast, the two IV-B grant programs offer states a great deal of spending flexibility. The two IV-B grant programs generally pay for "front end" services designed to prevent or treat parent and child problems that contribute to abuse and neglect, such as substance abuse, family violence, and mental health issues. The much larger IV-E programs provide funds mostly on the "back end," after children have been removed from their homes. Under this financing structure, in which funds available for foster care on the back end exceed those for front-end services by a huge amount, states seem to have financial incentives to remove children from their homes, especially if they cannot afford to provide treatment and services. This is unfortunate, because research shows that in borderline cases, children removed from their families do worse compared to children who remain with their families. As Berger and Font show, many prevention and treatment programs have been shown to reduce the need for out-of-home placement.

### **Financing Reform and State Flexibility**

It makes little sense to have a relatively limited amount of capped funding available to assist troubled families and their children in order to prevent or ameliorate the causes of child abuse and neglect while providing much more generous and open-ended funding that can be used primarily to pay for expenses associated with removing children from their homes. The problem of a shortage of funds for services is underscored by the fact that many children reported to CPS receive no services, only to be reported again and eventually placed in

care. In 1992, Nancy Johnson of the House Ways and Means Committee, a Connecticut Republican, introduced legislation (H.R. 5316) to change the funding rules so that states would have more control of the expansive IV-E foster care and adoption funds, giving them the flexibility to spend the money on prevention and treatment programs that could help families develop the skills necessary to avoid abusing and neglecting their children. In general, the Johnson proposal would have taken the money that the Congressional Budget Office (CBO) estimated would have been spent by the Title IV-E programs over the next five years and given it to the states that elected to participate in a grant with flexible but capped annual funding that increased every year. With a flexible grant, states would no longer have been required to spend the funds primarily on out-of-home care. Rather, states would have been authorized to spend the money on prevention, treatment, foster care, or adoption, as they saw fit. The downside was that the flexible grant would be capped rather than open-ended funding.

Democrats strongly opposed the Johnson bill, as did most child advocates and many state officials and professional organizations. They had good reason to do so: they feared losing open-ended federal funding for out-of-home placements. It would have been risky to instead take a fixed amount of money and gamble on their ability to adopt policies, procedures, and programs that might, if successful, reduce the need for out-of-home placements. Despite the fact that the Johnson bill contained a kind of emergency fund for states that experienced sudden caseload increases, Congress didn't seriously consider Johnson's proposal. A similar measure was debated as part of welfare reform in 1995–96, but it didn't make it into the final legislation. Republicans on the Ways and Means Committee tried yet again to enact a flexible grant in the 2004 Child SAFE Act (H.R. 4856), but that bill also failed.

### **A Surprising Development**

In recent years, an unexpected development has caused renewed interest in reforming child welfare financing: The foster care caseload has been declining significantly in the past decade after huge increases over the two previous decades. In 1982, the foster care caseload was 262,000, or 4.2 per 1,000 children under age 18. The caseload increased almost every year thereafter until, by

1999, it had more than doubled in absolute numbers to 567,000, or 8.0 per 1,000 children. Since then, however, the caseload has fallen almost every year; in 2013, it was 402,000, or 5.4 per 1,000. The decline in the number of children in foster care, as welcome as it is, has caused many observers to think anew about reforming the IV-E foster care program to give states more funds for prevention and treatment on the front end.

One of the main reasons that states are reconsidering a flexible grant approach has to do with how the CBO estimates the future costs of federal programs, including the IV-E foster care program. CBO begins its estimate of future IV-E foster care costs by estimating the size of the projected caseload, which in turn is based primarily on changes in the caseload in recent years. When the caseload was dramatically increasing between 1982 and 1999, CBO estimated continuous and large annual increases in the caseload, which in turn meant that estimated spending on the IV-E programs increased every year. Now that the foster care caseload has been declining and the states have been spending less money on foster care, it is no surprise that in recent years CBO's baseline estimates of future foster care spending have started to decline. It follows that the longer states wait to take a flexible grant with all the money projected by CBO in the foster care baseline, the less money the states are likely to receive.

States are now realizing that if they had accepted a flexible grant containing all of the foster care placement, administrative, and training costs estimated in the CBO baseline, they would have received more money than they have gotten under the open-ended IV-E entitlement. At the request of the Ways and Means Committee, Emilie Stoltzfus, an expert on child welfare programs at the nonpartisan Congressional Research Service (CRS), has twice sent the committee estimates of how much more money states would have received if they had been allowed to take their IV-E foster care funding in the form of a flexible grant that contained all the money in the CBO baseline. Stoltzfus's June 2011 memo showed that under the flexible grant offered by the Child SAFE Act of 2004, plus certain funds from Title IV-B that the Child SAFE Act included in the flexible grant, states would have received \$64.783 billion over the 10 years from 2005 through 2014, compared to \$52.822 billion actually received under

current law without the IV-E flexible grant. Thus, with a flexible grant, states would have received nearly \$12 billion more over 10 years.

### **Can States Continue to Reduce Foster Care Placements?**

Reform of the IV-E child welfare programs under the flexible grant would constitute the most fundamental shift in federal child welfare policy since creation of the Title IV-B and Title IV-E structure in 1980. The most important change would be that states would no longer have an open-ended funding source under Title IV-E for foster care placements and the associated administrative and training costs. Rather, their funding would be equivalent to the amount that the CBO estimated they would receive under current law over several years, but it would come in the form of a flexible grant. If the foster care caseload began to increase, as it did after 1982, states would no longer have open-ended foster care funding to help them pay for additional out-of-home care.

Can states protect children while reducing foster care placements by using the flexible grant to provide preventive and treatment services to children and families? At least three kinds of evidence suggest that states can indeed control the growth of their foster care caseload. The first is simply to review data on the size of and changes in the caseload over time. As we have seen, the caseload more than doubled between 1982 and 1999. Then, in 2000, the caseload started falling, and it continued to fall almost every year until 2010. Over the decade, it fell by nearly 30 percent. Since 2010, the caseload has been more or less flat. These swings in the caseload may reflect changes in policy, though the jury is still out on which changes may have had the most impact.

A second type of evidence flows from an important change in the nation's adoption rate. In 1997, Congress passed the Adoption and Safe Families Act, which included a cash bonus for states that increased their adoption rates. Whether it is a coincidence or not, afterward the adoption rate increased substantially. In 1998, before the 1997 adoption provisions had been fully implemented, there were 38,000 adoptions of children involved with CPS agencies. The next year, there were 46,870 such adoptions, an increase of nearly 25

percent. Since then, the number of adoptions has exceeded 50,000 in every year but one through 2013. From 1999 to 2013, the average annual number of adoptions exceeded the 1998 number by around 36 percent. Over the same period, the foster care caseload, after increasing almost every year for 17 years, fell by a little less than 30 percent. Adoption went up; foster care came down. This may not constitute definitive proof that states can control the growth of their foster care caseload by increasing adoptions out of foster care, but the evidence is highly suggestive. Of course, the foster care caseload is determined by both how many children enter the system and how many children leave it. Even states that have gotten more children out of foster care by increasing adoptions want to mount prevention and service programs to keep children safely in their homes and thereby reduce the number who enter foster care in the first place.

The third type of evidence consists of several child welfare policies and programs that states have been pursuing with increasing frequency in recent decades, perhaps spurred by the evidence-based policy movement. In some ways, the complex interaction of research, demonstration, and changing practice provides a strong example of effective policy development, in which research leads the way. In their *Future of Children* article, Berger and Font provide an informative overview of this research.

Two examples illustrate the growing promise of certain prevention and treatment programs. The Triple P—Positive Parenting Program is designed to identify parents in a community who are having problems rearing their children. Triple P features five levels of intervention, beginning with a media-based information campaign that aims to show the entire community how good parenting can ensure normal child development and to encourage parents to participate in parenting programs. The next three levels are interventions of varying intensity for parents who are having trouble with their parenting skills or their children's behavior, or who simply want to improve their parenting. The fifth level, the most intense, is for parents who display dysfunctions such as depression, addiction, or serious conflict between parents and whose children have serious behavior problems. A 2007 meta-analysis of 11 Triple P studies, all of which randomly assigned participants to either the treatment program or a



control group, concluded that Triple P improves both parenting skills, such as expressing warmth and reducing harsh discipline, and child behaviors, such as aggression, tantrums, and oppositional behavior.

Another impressive program is Durham Connects, designed by Kenneth Dodge and his colleagues at Duke University and implemented in Durham County, NC. In this program, nearly all babies born in Durham County are assessed in their homes by nurses, who use a standardized assessment to gauge family needs on 12 items in four domains, including health, parenting/child care, household safety, and parents' mental health. Families with serious needs are referred to community resources for help (the program maintains a database of about 400 community organizations that provide services). A recent rigorous evaluation of Durham Connects found that using the standardized assessment of needs, the nurses reduced the error rate in identifying families that would later require emergency medical care by 39 percent, compared with predictions based on family demographic factors alone. With this improved ability to identify families that may later require expensive treatments, the program can increase efficiency by focusing prevention and treatment programs on such families. Further, among a randomly selected subsample of about 500 families randomly assigned to either a group that received the home visits or a control group that did not, program families used significantly more community services and exhibited significantly more positive parenting behaviors when their children reached six months of age than did control-group parents. Infants in the program group also had fewer emergency room visits and 80 percent fewer overnight hospital stays than did control infants. Dodge and his colleagues found that the cost of the emergency health care used by control-group infants was three times greater than the cost for infants who were in the program.

Triple P and Durham Connects nicely illustrate that a universal strategy involving all parents in a community can efficiently identify parents who are having trouble, help resolve family problems as they emerge, and thereby reduce later problems, perhaps including foster care.

Finally, another consideration should come into play here. Thirty states and one Indian tribe are

now in various stages of implementing child welfare demonstration programs based on waivers from the requirements of current law. All the demonstrations include rigorous evaluations, some of them employing random assignment designs. The interventions being tested involve a range of programs, but nearly all aim to avoid out-of-home placements or minimize the length of out-of-home stays by providing services to families and children, including family counseling, increased community support, addiction treatment, or generally well-tested treatment programs such as cognitive behavioral therapy, Parent-Child Interaction Therapy, Triple P, and many others. Nearly all these demonstration programs rely on capped funding from IV-E foster care payments (permitted by the waivers from current law) so that states can have the flexibility to spend money on the front end for the types of services that research shows can keep some children out of foster care. The amount of capped annual funding that these states receive was established by a process similar to the one CBO uses to develop the national baseline of spending for Title IV-E foster care (although the estimates were made by the Office of Management and Budget, which is part of the executive branch). These demonstrations show that when it comes to the question of whether they would be willing to accept the bargain of increased flexibility in their use of federal dollars in exchange for capped funding for all or most of their open-ended funding under Title IV-E foster care, states are voting with their feet.

## Conclusion

Policy and program development in child welfare over recent decades makes for an interesting and important story. Following the mandate of federal and state law that the holy grail of child welfare is safety, permanence, and child wellbeing, states have shown that they can increase adoptions and reduce foster care placements. Further, research increasingly shows that many programs for children, families, and communities can effectively reduce mental health problems, addiction, and other troubles that afflict families and children so that safety, permanence, and wellbeing can increase. The annual statistics on confirmed cases of abuse, neglect, and child deaths show that the nation still has a long way to go. The prevention and treatment programs that have been shown to effectively promote child welfare, usually without removing children from their

families, are expensive, though they can save money in the long run. Thus, most states argue that with more funding they could provide more, and more effective, programs and services. Now 30 states are conducting waiver demonstrations to show that they can use funds that would normally be spent on foster care to pay for prevention and treatment services to promote child welfare. The combination of more

effective programs, organizational and program reform associated with the waiver demonstrations, and the ongoing loss of federal funds caused in large part by the declining foster care caseload has intensified the debate in Congress about giving states more flexibility in using federal funds, even at the cost of terminating an open-ended funding program. Stay tuned.

## Additional Reading

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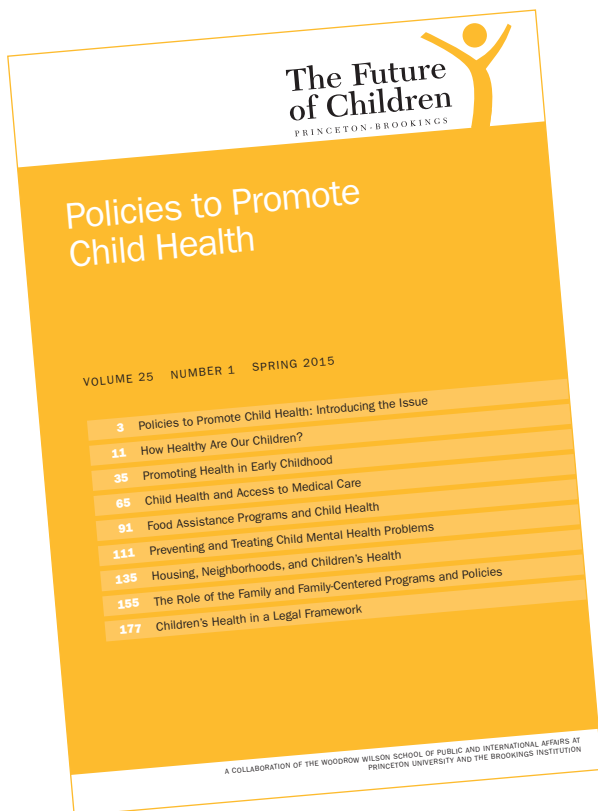


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