The Costs of Child Protection in the Context of Welfare Reform

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Abstract

The financing structure of any large public service system both reveals the priorities held by policymakers and drives the delivery of services. Of the $11.2 billion in public funds for child welfare services, somewhat less than half is federal. As this article explains, federal funds for child welfare overwhelmingly go to support out-of-home care (foster care and adoption services), and these costs have risen sharply in recent years. In contrast, federal funding for child protection investigations, prevention programs, and treatment services is more limited, and expenditures have not risen apace with reports of maltreatment.

The article compares the high cost of foster care with the lower per capita cost of cash assistance to poor families and the per-case costs of child protection investigations and service provision. Pointing out that the great majority of families served by the child welfare system are poor, the author argues that child welfare and cash assistance should be seen and analyzed as interrelated programs serving poor families. The article examines the varied ways in which the changes in cash assistance programs introduced by the 1996 federal welfare reform law may increase the need for child welfare services and drive up the costs of child protection.

Sensational cases of child maltreatment and failures of the child welfare system to protect children under its care draw a media spotlight, yet little attention has been paid to the costs of this system to the government. Child protection in the United States is an expensive enterprise; in 1995, federal and state spending specifically on child welfare programs (including investigations, casework services, foster care, and adoption assistance) exceeded $11.2 billion. The comprehensive costs of operating the child welfare system in the United States are impossible to estimate with accuracy, and the picture presented here is, of necessity, incomplete. For instance, it does not include local funds or funds spent on individual cases by allied government systems such as the courts, law enforcement, schools, or the health and mental health care systems. Overall, out-of-home care for maltreated children consumes the bulk of public funding for child protection.
Funding for services to prevent child maltreatment and to help families who become involved with the child welfare system to remain intact is much more limited than funding for foster care, and it has grown much more slowly.

Even this limited view helps to put into perspective the impact that welfare reform may have on the costs of protecting children. Child welfare and income assistance programs have much in common. Both serve low-income populations: income assistance is targeted specifically at low-income families, and the strong association between poverty and reported child maltreatment means that child welfare agencies deal primarily with a low-income clientele. Moreover, the federal foster care program grew out of the Aid to Families with Dependent Children (AFDC) program and provides financial support only to children entering foster care from AFDC-eligible families. Perhaps most importantly, child welfare workers have always relied on public assistance programs to provide a basic safety net for the families and children who come in contact with the child welfare system. In spite of these connections, the makers and analysts of poverty programs often ignore the implications that changes in cash assistance programs for poor families might have for child protection.

The analysis presented here suggests that changes in cash assistance programs are likely to increase the demand for child welfare services and constrain the capacity of that system to protect children. Welfare reform may involve more families with the child protection system if the parents’ ability to care for their children erodes as a result of deterioration in their economic circumstances, increased stress from combining work and parenting, or reduced access to preventive family support services. If maltreatment rises, more children may need out-of-home care. Because foster care is so much more costly per capita than public assistance, even a small shift of poor children from their homes into foster care will have substantial fiscal implications. The article therefore concludes by suggesting strategies that policymakers might adopt to ensure that welfare changes do not produce unintended, damaging, and costly consequences for the system charged with child protection.

**Funding for Child Protection**

Although states and sometimes counties hold responsibility for child protection, federal legislation and federal or state court decisions directly affect the provision of child welfare services. In particular, federal
The federal government grants the states great latitude in administering child welfare programs. The consequent variation in programs from one state to another and even within states makes it difficult to discuss “national” child welfare policy or financing. For instance, in 1995, New York spent $111.94 per capita for child welfare services, while Georgia spent only $11.81 per capita. States also vary in the extent to which they rely on federal, state, or local funds to pay for child welfare services. A 1990 survey of public child welfare agencies indicated that state and local governments provided 57% of child welfare funding, with the remainder covered by the federal government. In 1995, New York spent $111.94 per capita for child welfare services, while Georgia spent only $11.81 per capita.

Moreover, state and local funds for child welfare are often spent in accordance with federal guidelines so they can be used to draw down federal matching funds. For these reasons, this article focuses primarily on federal funding streams that support child welfare programs.

Federal funding sources for child welfare programs serve a number of functions. Some federal funds support services that are provided to prevent the occurrence of child abuse and neglect or to treat families and children when child maltreatment has already occurred. More substantial federal funding goes to pay for the care and supervision of children in out-of-home care. Table 1 provides brief explanations of the major federal funding streams, with budget allocations from 1995. The evolution of these funding programs is described below.

**Foster Care Payments**

The federal government’s role in providing child welfare services dates to the enactment of the Social Security Act in 1935, whereby the Children’s Bureau was given funding under Title IV-B (the Child Welfare Services Program) to provide, through the states, an array of services to children in need of protection and their families. Title IV-B funding, however, was not substantial, and states, localities, and private philanthropy largely funded child welfare programs until 1961. In that year, the federal government first offered to help states make maintenance payments to reimburse foster parents for the costs of caring for children placed in their care by child welfare agencies. Funding was first provided under the Aid to Dependent Children program (Title IV-A of the Social Security Act), later known as AFDC. The federal role grew out of the recognition that some states were denying welfare payments to children whose homes were deemed “unfit.” Starting in 1961, federal regulations required that states either continue welfare payments to the children’s parents and improve conditions in their homes, or provide out-of-home care for the children.

In 1980, the U.S. Congress removed the federal foster care payments from Title IV-A, which governed AFDC, and established a separate federal foster care program under Title IV-E of the Social Security Act. This funding covers maintenance payments to providers of out-of-home care (foster parents or group home operators), the cost of casework services associated with placing children in care and planning for their futures, the cost of training state and local child welfare services personnel, and associated administrative costs. The foster care program is an open-ended entitlement, through which the federal government matches all state expenditures for eligible children, according to a set formula. In 1995 during an average month, this program made foster care payments on behalf of 260,737 children. As Table 1 shows, the program spent more than $3 billion that year.

**Child Abuse Reporting**

Resurgent interest in child abuse and neglect during the 1960s and early 1970s led to federal legislation focused on the expectation that, in all states that receive federal child welfare funds, child abuse should be reported to state authorities by professionals who interact with children. In 1974, the Child Abuse Prevention and Treatment Act (CAPTA, Public Law 93-247) was passed by Congress. CAPTA provides grants to states for the investigation and prosecution of child abuse and neglect cases, child mal-
treatment prevention and treatment programs, and community-based family resource centers. Public and private not-for-profit agencies may also receive funding under CAPTA for demonstration projects to prevent or treat child abuse and neglect. Although CAPTA provides important policy direction for the states, it has never been a major source of funding for child protection. In recent years, funding for programs authorized under the law has ranged between $60 and $80 million.4

### Permanency Planning and Adoption Assistance

By the late 1970s, the perception that many children were being placed inappropriately in foster care or were spending too long in the system contributed to demands for reform, and gave rise to the Adoption Assistance and Child Welfare Act of 1980 (Public Law 96-272). The focus on “permanency planning” in Public Law 96-272 calls for prompt and decisive action to maintain children in their own homes or place them, as quickly as possible, in permanent homes with other families (preferably through guardianship or adoption). The legislation also established a program of adoption assistance for those who adopt a child with special needs. Under this program, $411 million was spent in support of adoption during 1995. A related program was added in 1986 to support youths as they make the
transition from foster care to independence; its funding was $70 million in 1995.³

**Family Preservation and Support**

The goal of preventing out-of-home placement of maltreated children is also manifested in the movement for “family preservation” services that help families to be able to safely care for their own children. States can use federal funds from the Child Welfare Services Program (Title IV-B) and the Social Services Block Grant (Title XX, discussed below) for family preservation and child maltreatment prevention services. However, the perceived inadequacy of the funding available for services to families contributed to the enactment of the federal Family Preservation and Support Services Program in 1993, to pass $930 million over five years.

The Emergency Assistance (EA) program, which was authorized under Title IV-A primarily to help states cope with national disasters, evolved in many states into a child welfare program helping to handle emergencies associated with child maltreatment, domestic violence, and family crises such as homelessness. As of 1994, some 44 states were using EA to help cover the costs of care and services to children and their families, and most of the significant growth in EA expenditures after 1992 was associated with child welfare programs.³ Federal spending on EA was approximately $788 million in 1993, and grew to $3.2 billion in 1995.³ Open-ended EA funding was available to match state expenditures until it was collapsed into the federal welfare reform block grant in 1996.

In summary, several federal programs have provided support for child protection. The foster care payment and adoption assistance programs currently provide the only uncapped entitlement funding for child welfare services, in which reimbursements to states rise and fall with demand.

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In summary, several federal programs have provided support for child protection. The foster care payment and adoption assistance programs currently provide the only uncapped entitlement funding for child welfare services, in which reimbursements to states rise and fall with the number of children placed in out-of-home care and the cost of their care. In contrast, the other major sources of federal dollars for child welfare have fixed funding, which only changes with the agreement of Congress and the President. Some observers worry that the combination of fixed funding streams for prevention and direct services to children and their families, but open-ended federal support for out-of-home care, creates an incentive for public agencies to place children in out-of-home care rather than offering services that could keep their families intact.

These federal program expenditures can be combined with estimated state and local contributions to give a sense of the magni-
tude of child protection efforts in the United States. In 1995, federal, state, and local governments spent about $11.2 billion directly on child welfare programs. This estimate is based on the conservative assumptions that 30% of Title XX expenditures related directly to child protection, and that state and local governments provided about 57% of total child welfare services funding. The estimate does not include any Emergency Assistance monies spent to help protect children, court costs associated with the child welfare system, services provided to maltreated children and their families by other public agencies (such as hospitals or mental health institutions), or services provided by nongovernmental agencies. Child protection is indeed an expensive undertaking.

Relative Per Capita Costs
An examination of the costs of the federal foster care program relative to its “mother” program, AFDC (now TANF), provides a striking contrast that helps to put child protection programs into perspective relative to other programs that serve primarily low-income populations. This comparison provides a compelling view of how meager society’s commitment of cash support to poor families is when measured against its commitment to care for children who have been taken from the custody of similar families.

Foster Care Versus Welfare Funding
The federal foster care program spends more on each child it helps than do either welfare programs or in-home child protection programs. The costs of foster care have also risen far more rapidly than the costs of public assistance. The high cost of federal foster care partly reflects the fact that it is more expensive administratively to prepare for and supervise the care of children than it was to distribute welfare checks. It also costs more to entice foster care providers to raise children than states paid welfare recipients who cared for their own children. In 1993, the median monthly AFDC payment for one child ($212) was more than $100 per month less than the median foster home maintenance payment. Costs of care for children living in group homes and residential treatment centers, rather than foster family homes, averaged about $3,000 per month. Furthermore, foster care rates are proportional to the number of children placed (two children generate twice the foster care rate of one child), while AFDC per capita payment rates decreased with increased family size. Thus, the more children in a family, the greater is the difference in cost between public assistance and foster care.

The net effect of these differences is that the federal government spent about $11,698 per child on foster care maintenance and administration costs in 1995, but only $1,012 for each person receiving AFDC. In other words, per child, it costs the federal government more than 11 times as much to provide foster care as to provide basic income maintenance. When state contributions are
factored in, the average government cost of supporting an individual on welfare was $2,499, while the cost of operating the foster system was $21,902 per child.9

Investigation and Service Funding
In contrast to federal data on foster care costs, there are no reliable national estimates of the cost of investigating child maltreatment reports or of providing in-home services to children and families. These costs are borne primarily by states and localities, under many different funding arrangements. The American Humane Association has, however, estimated the costs of providing these basic child protective services in 1993 dollars using unit-of-service cost data from Ohio and Texas.10 According to its estimates, investigations by child protective services (CPS) agencies cost approximately $813 per investigation. The cost per case to provide in-home services such as homemaker assistance or family counseling was $2,702.

Although foster care spending has grown with the foster care caseload, funding for CPS investigations and services to families and children has not risen significantly, even though the number of children reported to CPS agencies increased by 63% from 1985 to 1995, reaching 3.12 million.3 About one-third of those reports were substantiated by child welfare authorities,11,12 and in 1993 an estimated 70% of the substantiated cases received in-home services.10 Meanwhile, as Figure 1 shows, funding for investigations and services did not rise nearly as fast as reports and caseloads.

The disparity in growth rates shown in Figure 1 has worsened the mismatch between funding for front-end services such

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Welfare Reform and the Cost of Child Protection

A crucial question facing policymakers charged with planning child welfare services is whether the welfare reform law of 1996, Public Law 104-193, will further swell the population of children in out-of-home care. If it does, the costs of child welfare will rise rapidly, increasing pressure on an already overburdened system.

The welfare reform law signed by President Bill Clinton in August 1996 converts AFDC, Emergency Assistance, and the Job Opportunities and Basic Skills (JOBS) training program into the Temporary Assistance to Needy Families (TANF) block grant, which states can use in varied ways to help poor families. The TANF block grant will give the states set annual allocations of about $16.4 billion per year from 1996 through 2003. The legislation also stipulates that adults who receive any form of assistance funded by TANF must participate in work or work-related activities, and they can receive assistance only for a lifetime maximum of five years. Individuals convicted of drug-related crimes are barred from ever receiving TANF assistance, unless states pass legislation specifically to permit such assistance. The law makes changes in eligibility for food stamps and Supplemental Security Income (SSI) for disabled individuals. It retains the major programs funding child welfare services, foster care, and adoption assistance, although it makes relatively minor changes such as requiring states to give preference to kinship placements, and allowing foster care payments to for-profit children’s institutions. The major provisions of the law that affect child protection are noted in Table 2.

The potential impact of welfare reform on the demand for child welfare services is great because of the strong relationship between poverty, child maltreatment, and the placement of children in out-of-home care. The overwhelming majority of children involved with the child welfare system come from families living in poverty or in marginal economic circumstances. A national study conducted in 1995 shows that the incidence of abuse and neglect is approximately 22 times higher among families with incomes below $15,000 per year than among families with incomes of more than $30,000 per year. Consequently, any significant change in the economic circumstances of low-income families is likely to affect the need for child protective services.

In addition, children of working parents may be left unsupervised or in inappropriate child care settings. Teen parents and their children, obliged to live in adult-supervised settings to receive welfare, may need the help of authorities to find suitable living arrangements if they cannot remain at home. Indirectly, the welfare reform law may also alter the availability of services to prevent or respond to maltreatment. Finally, the conflict that may arise between the goals of the new work-based assistance programs and the goals of the child welfare system may lead to long-term changes in the focus of child welfare services. These possibilities are all discussed in turn below.

Family Poverty

As welfare reform takes effect, the increased demand for child protection that might result from greater familial poverty and other stress on families is likely to outstrip
Table 2

### Possible Strategies States Can Use to Protect Children While Implementing Welfare Reform

| Issue                                      | Provisions in Public Law 104-193 | Implications for Vulnerable Families                                                                 | Strategies States Can Use                                                                                                                                                                                                 |
|--------------------------------------------|----------------------------------|-----------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Cash assistance funding                    | No entitlement to cash assistance. States receive a capped block grant (TANF) that will not increase from 1997 to 2002. | If the state’s block grant allocation is insufficient to meet demand, eligible needy families may go without cash assistance. | States can (1) supplement TANF with state and local funds, or (2) educate service providers about the welfare changes.                                                                                     |
| Lifetime limits                            | Benefits through TANF may be provided for no more than a lifetime limit of five years, or a state-imposed shorter limit. States may exempt 20% of the caseload because of hardship. | Loss of income for families that reach the time limit and lose benefits may cause homelessness or result in out-of-home placements for children. | States can (1) not impose shorter time limits, (2) give vouchers or child-only grants to families that reach time limits, or (3) exempt families facing out-of-home placement.                                                                 |
| Emergency assistance                       | The new welfare law merges EA into the TANF block grant. Rules pertaining to TANF apply to those who receive assistance during temporary crises. | If states use TANF funds for crisis intervention, families are subject to work requirements and the time they receive crisis assistance counts toward their lifetime limit. | States can (1) transfer TANF funds to SSBG for crisis intervention, (2) allocate state funds for family emergencies, or (3) use SSBG funds for noncash vouchers.                                                                 |
| Work requirements                          | Single-parent TANF recipients must work 20 hours per week or face sanctions. Exemptions can be made for single parents with infants or those with preschoolers who cannot find child care. | Stress on families could result in abuse. Children may also be put at risk in harmful child care, or if left without child care. | States can (1) exempt families with infants from the work requirement, (2) ensure that quality child care is available, or (3) give child-only grants or state-funded aid to sanctioned families.                                                                 |
| Children placed out-of-home                | Families are denied cash assistance if the child is absent from the home for 45 days, but states may continue assistance during absences of up to 180 days. | Family reunification may be more difficult to achieve for children in out-of-home placements if parents lose TANF support while preparing for the child’s return. | States can (1) provide assistance during an absence of up to 180 days, or (2) ensure early start-up of assistance if a child is returning from placement.                                                                 |
| Legal immigrants                           | Food stamps are denied to all and SSI is denied to some legal immigrants, and states may choose to deny other means-tested services. | Immigrant children will remain eligible for most child welfare services, but the loss of food stamps could undercut nutrition in poor immigrant families. | States can (1) continue Medicaid, cash assistance, and SSBG services to immigrants; or (2) use state funds to serve these populations.                                                                 |
| Children with disabilities                 | Only children with a medically determined impairment are eligible for SSI. “Maladaptive behavior” does not qualify. | Some 300,000 children may lose SSI benefits. Children with serious emotional or behavioral problems may be surrendered to child welfare services. | States can (1) use state funds to support families that keep children with disabilities at home, or (2) track moves by children losing SSI into out-of-home care.                                                                 |
| Domestic violence                          | States may screen recipients for exposure to domestic violence and provide referrals, or waive TANF requirements that put them at further risk. | Families experiencing domestic violence may receive help through these provisions. | States can (1) screen for domestic violence and refer families to services; or (2) link agencies for domestic violence, child protection, and welfare.                                                                 |
| Convicted drug felons                      | States may not give TANF or food stamps to convicted drug felons without passing a state law. States may test recipients for drug use and apply sanctions. | Many families involved with the child welfare system are involved with substance abuse. | States can (1) choose not to sanction recipients who test positive for drug use, (2) pass legislation to provide benefits during drug treatment for women and children, or (3) increase drug treatment for women and children.                                                                 |
the positive effects of economic gains made by the families who succeed in the labor market. Although the goal of welfare reform is to make families self-sufficient, welfare recipients who find work typically earn low wages, so the financial benefits of work are likely to be marginal for most families. Moreover, the economic consequences of program sanctions on noncompliant or unsuccessful families may be severe. The new welfare law allows states to deny families cash or in-kind assistance for failing to comply with work requirements or for exceeding the time limit—jeopardizing the families’ ability to acquire basic necessities. The Congressional Budget Office has estimated that between 2.5 million and 3.5 million children could be affected by the five-year federal time limit on assistance when the law is fully implemented, and many states are prepared to set even shorter time limits. Changes in program eligibility and cuts in benefit levels for a variety of federally supported programs may also increase the number of poor families and children, especially among legal immigrants.

Of special relevance to child welfare officials, some parents will be banned from receiving cash assistance for life because of drug-related crimes. This provision of the welfare reform law may have a serious impact on the child welfare system, given the large proportion of families currently involved with the system who suffer from substance-abuse problems. Finally, since the individual entitlement to support has been eliminated, some states may simply cut off benefits when economic or political circumstances result in inadequate funds to assist all families in need.

Growth in child poverty owing to any or all of the reasons cited above is likely to lead to an increase in child maltreatment and a corresponding increase in demand for child welfare services, including costly foster care. Economic projections of the impact of the new welfare law indicate that about 1.1 million more children could move into poverty. The child welfare system is threatened less by the number of children who may become poor than by the depth of poverty that they may experience, especially in families that lose cash assistance, SSI, or food stamps. These children may be at great risk of neglect or abandonment.

**Support for Children with Disabilities**

In addition to changes made in the cash assistance system for poor families, the
welfare reform law also narrows the definition of child disability under the SSI program that provides income support to disabled individuals. By 2002, it is estimated, these changes may eliminate from the SSI caseload about 315,000 children in low-income households, or 22% of those who previously qualified. The policy debate over SSI concerned the definition of disability in children, but that debate may be irrelevant if the children are perceived by their caregivers to be a burden. Parents may surrender custody of children who exhibit “maladaptive behavior” but lose their eligibility for financial support through SSI, placing those children in out-of-home care.

Need for Adequate Child Care
The expansion of work requirements, which is a key element of welfare reform, could also contribute to an increase in demand for child protective services if it is not accompanied by an adequate expansion of subsidized child care. The welfare reform law significantly increases federal child care funding, but the Congressional Budget Office projects a shortfall of $1.8 billion in child care funds for low-income working families by the year 2002. Program participants are not guaranteed child care subsidies under the new law, and families with children over six years old can be penalized for failure to engage in work activities. Even with subsidies, parents of children with disabilities may be hard-pressed to find appropriate child care. Thus, many parents may be faced with the choice of either (1) losing benefits if they disregard work requirements to care for their children, or (2) leaving their children unsupervised or in unsafe child care. The latter choice could be grounds for CPS intervention.

Safe Settings for Minor Parents
Provisions of Public Law 104-193 require that unmarried minor parents and their children live with an adult relative or legal guardian, or in another supervised setting if the home is unsafe. Child welfare personnel will likely be called on to investigate whether exceptions should be made to this requirement in specific cases because no suitable adult is available or can offer an abuse-free home. Child welfare authorities may also be responsible for creating adult-supervised care settings for young mothers and their children who have no other safe, supervised home.

In summary, Public Law 104-193 may increase the need for child welfare services in a number of ways, but the law makes no provision to expand funding to enable the system to cope with the burden of responding to an escalation in demand for its services.

Greater Demand for Services, Less Funding
Children who are put in harm’s way by changes in their family’s eligibility for welfare or by program sanctions will not spontaneously appear at the doors of orphanages or other out-of-home care settings. Most poor parents will attempt to raise their children by any means necessary, and only when their behavior results in a child maltreatment report will the child welfare system intervene. Children often suffer considerable harm before such a report is made, and the filing of a report does not guarantee timely intervention, given the precarious state of child welfare services. Indeed, preliminary data from the 1993 National Incidence Study of Child Abuse and Neglect indicate that, as the number of reports rose, the proportion of maltreated children whose situations were investigated by authorities declined from 44% in 1986 to 28% in 1993. Any additional maltreatment reports generated by increased stress on poor families will further stretch the overwhelmed child welfare system.

At the same time as pressures on the child welfare system are likely to increase, fewer federal funds will be available to support child welfare services—other than out-of-home care.
while states may dedicate some of their TANF funds to services for children and families, they are not required to do so. The competition for TANF funds will probably be stiff. Fiscal penalties face states that do not meet employment goals, giving budget officials a strong incentive to apply any TANF funds not used for job programs to child care for working parents. Child welfare agencies may also lose out to state economic assistance departments in the struggle over TANF funds. States may even use their Title XX funds to support the new work-based public assistance programs, putting further pressure on the availability of funds for child welfare services.

**Kinship Care Providers**

Many states have come to rely on paid foster care by the relatives of children who are dependents of the state, or kinship care. (See the article by Berrick in this journal issue.) This form of care may become even more prevalent in the face of welfare reform. The use of kinship care complicates the picture of funding for out-of-home care, since some kin caregivers are supported by foster care payments, while others receive only a cash assistance grant. The rapid growth of this form of care has already led many states to review their policies, and in some cases, officials have reduced payments and service support to kinship care providers. At least one state’s welfare reform proposals explicitly call for the development of kinship care programs to provide homes for children displaced by changes in welfare programs, and other states may follow suit.23

The debates concerning the payment and support for kinship care providers are complex. On the one hand, attempts to minimize government support are consistent with the belief of some policymakers that extended families should be held responsible for the care of indigent or dependent family members. It can also be argued that reducing the level of support to kin caregivers could save taxpayers’ money. On the other hand, attempts to limit the growth of kinship care or deny assistance to kin who are willing to care for these children fly in the face of society’s commitment to keep children with family. Moreover, if reductions in support for kinship care make kin unable or unwilling to take in maltreated children, social workers will be forced to find more expensive placement alternatives for the children who must be removed from home.

Public Law 104-193 further complicates the kinship care equation for states. States will be able to use TANF funds to support kinship care, just as they have used AFDC funds, but recipients will be required to meet the work and time-limit provisions of the new law unless they are exempted from those by the state. Subjecting kinship caregivers to work requirements in order to receive TANF aid may reduce the availability of kinship care, and potential kinship care providers may reach the five-year limit on assistance under TANF and become ineligible for support.

In summary, Public Law 104-193 has enormous implications for the current child welfare system, at least in the short term. It may increase demand for services in a number of distinct ways. It directly and indirectly affects federal funding for child...
welfare programs. If government financial support for kinship caregivers is limited, the ability of the child welfare system to provide homes for children in need of out-of-home care may be called into question. As the next section of this article suggests, the long-term implications of welfare reform for the child welfare system may be even more profound.

Reconciling Welfare Reform with Child Protection

The political debate over how poor children will be protected in the postreform era has often betrayed a poor understanding of the interdependence of the child welfare system with the welfare system. Whatever its limitations, the AFDC program complemented the child welfare services system. It provided a base of financial support to poor families regardless of whether parents chose or were able to work. Such financial support can play a key role in the effort to preserve families. Child welfare case managers often offer families targeted financial assistance to help pay for utilities or rent, a space in a child care center, or other subsidized social services. However, this very assistance to poor families by the child welfare system may undercut the impact of benefit reductions that new welfare programs use to enforce their work requirements and time limits. In many ways, the welfare system and the child welfare system have different goals.

Much of welfare reform’s impact on the child welfare system will depend on how states and localities prioritize the competing demands of moving parents into the workforce, preserving families, and protecting children. (Table 2 reviews the key elements of welfare reform that pertain to child welfare, and indicates steps states can take to protect children from harm.) Will the conflicting purposes of the new work-based programs and the child welfare system be reconciled, and if so, how?

On the one hand, states that adopt an unforgiving emphasis on the use of financial sanctions to enforce work and that provide minimal support for poor families may have to use coercive state interventions to protect children. If parents are denied assistance because no jobs are available, or because they did not comply with program requirements, their children will be placed in harm’s way. Even if child welfare agencies or private charities had the resources to provide basic necessities to all these families, such intervention would be inconsistent with the welfare reform interest in punishing parents for their failure to work.

Current child welfare policy only justifies state intervention in families in confirmed cases of child maltreatment, not simply because a parent does not work. Nevertheless, states choosing a “tough” approach to welfare reform will find it difficult to ignore the plight of children in families that are denied economic support, and may seek to expand state intervention to protect children. In such states, child welfare agencies are likely to protect children in sanctioned families from harm by intervening to place them in out-of-home care, increasing child welfare costs in the process.

On the other hand, states that reform their welfare systems to include family support and guarantee both work and child care for those who strive to improve themselves may reduce the need for child welfare services and enhance the impact of the supports they do provide. Such states can offer a range of supportive services such as job training, parent support groups, and substance-abuse treatment to improve the prospects that parents will succeed in making the transition to work. They can impose financial sanctions incrementally, rather than abruptly terminating benefits, to lessen the likelihood that children will be placed in desperate situations. As Table 2 indicates, states can use the TANF exemptions to support kinship care providers and to assist families whose children are in short-term foster care placements. Most important, they can act to identify families that require child welfare intervention before children have been seriously harmed. In such a “gentle”
approach to welfare reform, work-based public assistance programs can function as part of a comprehensive web of supports for families and children, and thereby complement the functioning of the child welfare system.24

Whatever the approach to welfare reform, however, state policymakers and child welfare administrators face critical questions in the new era. Will the child welfare system wait until it is confronted with concrete evidence of child maltreatment before providing services to families who have been denied benefits under the new work-based programs? Will parental refusal or inability to participate in the new programs, in and of itself, become grounds for coercive intervention by child welfare authorities? Can a way be found to reconcile the demands for work, family preservation, and child protection? Answers to these questions are central to what welfare reform will mean to America’s most vulnerable children, and to what it will cost to ensure their safety.

Effective child protection under welfare reform will require both creative leadership at the state level and close monitoring of state compliance with federal child welfare laws. The record of state and local governments in protecting children does not provide much reason for optimism regarding the rapid devolution of authority over social programs to the states.25 After all, it was the failure of the states to do anything about the condition of children in unsafe homes that led the federal government to provide financial support for out-of-home care in the first place, and in recent years many states have cut child welfare spending in the face of increasing demand for services.26 Litigation intended to improve child welfare practice at the state and local levels has resulted in requirements that at least 21 states operate part or all of their child welfare service programs under court order.27 As welfare reform proceeds, evaluation efforts should be put in place to monitor the impact of welfare changes on child well-being and child welfare system caseloads, and to weigh these costs against the possible benefits welfare reform may yield.

Conclusion

The growth in the number of children requiring child welfare services and the rapidly rising cost of their care should long ago have focused attention on the crisis in the child welfare system, but they have not. It is possible that welfare reform may provide that much-needed attention. The passage of Public Law 104-193 marks the first time in U.S. history when federal law has eliminated the guarantee of basic economic support for families, while retaining the mandate to protect children from maltreatment. The goals of welfare reform, which is focused on adult self-sufficiency, compete with the goals of the child welfare system, which focuses on safe, nurturant child rearing.

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6. This estimate is the sum in 1995 of federal Title IV-B (subparts 1 and 2) and Title IV-E (foster care, adoption assistance, and independent living programs) expenditures, estimated Title XX expenditures on child welfare programs, and estimated state and local expenditures on child welfare programs (that is, 57% of total government spending on child welfare services).


8. States can claim reimbursement under Title IV-E for training of child welfare workers and for “child placement services and administration” activities connected with the federally supported foster care program. The latter include: referral to services, preparation for and participation in judicial determinations, placement of the child, development of the case plan, case reviews, case management and supervision, recruitment and licensing of foster homes and institutions, rate setting, and a share of agency overhead. States can also claim reimbursement in some of the categories listed above for “candidates” for Title IV-E foster care (children who are considered for out-of-home placement but who do not ultimately receive foster care maintenance payments). Nationally, about half of the federal Title IV-E spending goes to placement services, administration, and training, although state claims for these costs range from less than 15% to more than 70% of total Title IV-E claims.

9. This calculation assumes that the average cost of foster care for children who are not eligible for Title IV-E reimbursement is the same as for eligible children. The estimate may somewhat overstate the out-of-home care costs, since an unquantified amount of state administrative costs claimed is for “candidates” for out-of-home care who do not enter care or are not eligible for Title IV-E reimbursement. Nevertheless, there is no concrete evidence to suggest that these costs are a significant part of total IV-E expenditures.


18. The long-observed association between poverty and child maltreatment is not the only reason to be concerned about the potential of welfare reform to increase demand for child welfare services. A controlled, time-series analysis of referrals to child protective services in Los Angeles County, California, found that a 2.7% cut in AFDC benefits in 1991 was associated with an increase of about 12% in the monthly number of protective services referrals, and a 5.8% cut in benefits during late 1992 was associated with an approximate 20% increase in referrals. Sherman, R.E. Unpublished, untitled report to the Institute for Human Services Management, Seattle, WA, April 5, 1995.


