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MONTANA LEGISLATIVE  
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## HJR 44: FAMILY FOSTER CARE SYSTEM KEY FEDERAL FUNDING SOURCES

### INTRODUCTION

Federal funds pay for many services provided to children and families involved in the child protective services (CPS) system in Montana. The funding comes largely through three sources dedicated solely to child welfare activities — Titles IV-B and IV-E of the Social Security Act and the Child Abuse Prevention and Treatment Act. In addition, other federal sources can be tapped for child welfare services, including the Social Services Block Grant and the Temporary Assistance for Needy Families program.

This briefing paper provides an overview of the most significant federal funding sources for child welfare services.

### TITLE IV-E FUNDING

Title IV-E of the Social Security Act reimburses states for their foster care costs, as well as for some payments that states make to people who adopt a child or who serve as a guardian of a child who was placed in foster care. The funds also can be used for services to older youth who are aging out of the foster care system.

#### FOSTER CARE ASSISTANCE

Title IV-E foster care assistance money helps states pay for the monthly costs of children placed in foster care. It can be used to reimburse the shelter, food, clothing, diaper, and transportation costs for children who meet relatively stringent eligibility requirements. To qualify for IV-E funding, a child must:

- be in an out-of-home, licensed placement;
- have been removed from the home voluntarily or through a court order; and

The biggest source of federal funding for Montana's child welfare system comes from what are known as IV-E funds.

- come from a family whose family income meets a 1996 income standard for the now-defunct Aid to Families with Dependent Children program. That standard translates to a family income of about 31% of the federal poverty level for families that have a housing payment and to about 15% to 16% of the poverty level for families that don't have a housing obligation.

About one-third of the children in foster care in Montana qualify for IV-E funds.

The funds also can be used to cover some of the state's costs of operating the foster care system, including costs related to training both CPS workers and foster parents, recruiting foster and adoptive families, and collecting data about children in foster care.

The bulk of Montana's federal funding comes through the IV-E program, which provided nearly \$33 million in Fiscal Year 2021 for administration and for foster care, adoption, and guardianship benefits. The funds cover about 65% of eligible foster care costs for non-tribal children who qualify for assistance and 83% of the costs for eligible tribal children who are being served by state, rather than tribal, social services.

## ADOPTION AND KINSHIP GUARDIANSHIP ASSISTANCE

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A state may use Title IV-E funds to assist with both adoptions and with guardianships involving relatives, known as kinship guardianships, for children who meet income and other eligibility standards. The funding may be used to:

- place children with adoptive families;
- provide for some of the medical and other financial costs for adopted children;
- administer adoption assistance programs;
- train state employees, kinship guardians, and adoptive parents; and
- reimburse relatives of removed children for the costs of caring for the children, if the relative becomes a legal guardian after previously serving as the child's foster parent. In order for a relative to qualify for payment, the child must be eligible for IV-E foster care payments and be leaving foster care.

## CHAFEE FUNDS

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Title IV-E includes the John E. Chafee Foster Care for Successful Transition to Adulthood Program. This program pays for certain services for youth, regardless of income, if they were in foster care at 14 years of age or older. The program serves:

- children who are expected to be in foster care when they turn 18 years of age;
- children 16 years of age or older who are adopted or placed in kinship care; and
- former foster youth 18 to 21 years of age if they are pursuing an education.

The program aims to help older youth successfully transition from foster care to independence. The money may be used to help with the costs of education, employment, financial management, housing, and other items, including costs related to assuring the youth has a connection to a caring adult.

The state receives a capped grant award each year and must provide a 20% match.

## TITLE IV-B FUNDS

Title IV-B of the Social Security Act is designed to provide states with flexibility in creating or expanding community-based services that will allow at-risk children to remain with or return to their families. The money may be used not only for child protective services such as abuse and neglect investigations and caseworker activities, but also for prevention and intervention services that will allow families to remain together or to be reunited if the children have been removed from the home.

The state receives a set amount of IV-B funds, based on a federal formula, and must provide a 25% match for the funding. The money may be used for services provided to any family, regardless of family income.

### PROMOTING SAFE AND STABLE FAMILIES

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Subpart 2 of Title IV-B includes the Promoting Safe and Stable Families program, which funds a variety of community-based services designed to keep families together. Eligible services range from efforts to prevent child abuse and neglect to supporting adoption for children who cannot safely remain with their birth families.

All states receive funding for these services based on their share of children receiving benefits nationwide through the Supplemental Nutrition Assistance Program (SNAP). At least 20% of these funds must be spent on each of the following types of services:

- family support services, to give children a safe, stable, and supportive family environment and increase the strength and stability of families, including parenting skills;
- family preservation services, which include programs to:
  - return children to families after removal and provide follow-up care; or
  - place children with a guardian, with an adoptive family, or in another permanent living arrangement;
- reunification services, which include counseling, substance abuse and mental health treatment, and other therapeutic services and which can be provided for up to 15 months after a child returns home; and
- adoption promotion and support services.

## CHILD ABUSE PREVENTION AND TREATMENT ACT

Funds from the Child Abuse Prevention and Treatment Act (CAPTA) make up a third significant source of federal funding dedicated specifically to child welfare efforts.

This federal program provides grants to states to make improvements to their child protective services systems. The funds can be used for activities related to preventing child abuse and neglect, investigating and prosecuting abuse and neglect, and providing treatment for children and families. Recent changes to federal law also have allowed states to use the money for services to drug-exposed infants and for substance use disorder treatment.

States have 5 years to use the funds allocated in any specific year.

Montana receives about \$300,000 a year in CAPTA funds. Each state receives \$50,000 a year in these funds, plus an additional amount based on the population of children under 18 years of age.

## SOCIAL SERVICES BLOCK GRANT

The federal Social Services Block Grant (SSBG) provides funds to states to be used as each state chooses, as long as the money is spent on one of 29 service categories that fall into one of five goals established in federal law. One of those goals includes preventing or remedying child abuse or exploitation.

Federal funds appropriated to the program are shared among the states based on the size of each state's population. In addition, states may transfer up to 10% of their Temporary Assistance for Needy Families (TANF) block grant funds into the SSBG, which allows the funds to be used to support child welfare services. However, TANF-transferred funds may be used only for activities that serve families with incomes that are at or below 200% of the federal poverty level, or \$55,500 for a family of four in calendar year 2022.

Montana uses SSBG funds to support the operation of the Child and Families Services Division and other child welfare activities, capping the amount from this funding source at \$1.9 million a year.

## TANF PROGRAM

The TANF block grant provides another source of funding for the Child and Family Services Division and for reimbursement of direct services, including the costs of placements and items such as clothing and diapers. However, the funds are only available for services to families that meet the TANF eligibility criteria.

To qualify for TANF in Montana, a person must be responsible for a child under 19 years of age, have a very low income, and either be unemployed, about to become unemployed, or working for very low wages.

The Child and Family Services Division receives about \$5 million a year in TANF funds.

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