

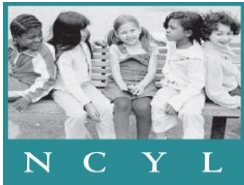
PROTECT VULNERABLE CHILDREN AND FAMILIES: ENSURE FISCAL AND STRUCTURAL INTEGRITY OF REALIGNED CHILD WELFARE SERVICES PROGRAMS



CHILDREN NOW



Foster Youth Alliance



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Of the child welfare programs that have been realigned to counties, foster care and adoption assistance are uncapped entitlements which, by federal law, states are required to provide.

The federal government also requires that the state pay rates for foster care and adoption programs that cover the costs of care. Counties have little flexibility in controlling the rates paid for foster care and adoption assistance programs, so it is essential that the base level of funding that is realigned to support these entitlements be sufficient to meet the need of the programs. Budget estimates, however, indicate that the Child Welfare Services base funding was realigned at least \$300 million short of need. While the current proposal restores approximately \$200 million of that shortfall, there is an additional \$100 million that needs to be addressed.

In addition there are several factors that suggest that the growth of uncapped entitlement programs may outpace the growth in the realigned revenue. First, California's foster care caseload will grow, if not due to an increased incidence of foster care placement, then simply due to the growth in the absolute population of children in California. Second, federal financial participation in foster care and adoptions will continue to shrink as fewer and fewer foster children come from families that meet 1996 income standards for Aid to Families with Dependent Children. Counties will be left to fund increasingly greater proportions of the cost.

If realigned revenue is not adequate to fully fund entitlement programs, funding for other essential realigned programs will have to be shifted, particularly the non-entitlement programs in the proposed Protective Services Subaccount and the Behavioral Health Subaccount. These programs provide critical services to vulnerable Californians, but as non-entitlements, they would be negatively impacted by the federal mandate to fully fund entitlement programs.

We propose the following actions be taken to minimize harm to at-risk children and youth and to safeguard the fiscal and structural integrity of realigned child welfare services programs:

1. **Increase base funding for Child Welfare Services by \$300 Million, including \$40 Million to provide for AB 12.**
2. **Use State General Funds to address revenue shortfall for entitlement programs.**
3. **Establish a reserve into which "excess" revenue growth will be deposited and define "excess" growth as growth 2% above growth as measured by the California Necessities Index.**
4. **Limit the size of the reserve account to 10% of base funding.**
5. **Prioritize Child Welfare Services in reserve funding.**
6. **Restructure realignment such that entitlement programs are in their own accounts.**