

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, [\$4,801,800,000] \$5,043,200,000. In addition, for carrying out section 477(i), \$60,000,000.

For making payments to States or other non-Federal entities, under title IV-E of the Act, for the first quarter of fiscal year [2004, \$1,745,600,000] 2005, \$1,767,700,000.

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 Act, 2003, as proposed in the FY 2003 President's Budget

Note: The President's Budget includes a legislative proposal supporting the creation of a child welfare program option for the Foster Care program which would require an additional \$35.3 million in FY 2004 and an increase in the advance for FY 2005 of \$54.5 million.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Administration for Children and Families

Payments to States for Foster Care and Adoption Assistance

Amounts Available for Obligation

	<u>2002 Actual</u>	<u>2003 President's Budget</u>	<u>2004 Estimate</u>
Appropriation Annual (definite)	\$4,885,592,000	\$4,801,800,000	\$5,138,500,000
Permanent	1,735,900,000	1,754,000,000	1,735,400,000
Appropriation lapsing	-552,401,358	-150,800,000	0
Total, obligations	\$6,069,090,642	\$6,405,000,000	\$6,873,900,000

Payments to States for Foster Care and Adoption Assistance

SUMMARY OF CHANGES

FY 2003 President's Budget Request

Total estimated budget authority\$6,555,800,000
(Obligations)\$6,405,000,000

FY 2004 Estimate\$6,873,900,000
(Obligations).....\$6,873,900,000
Net change +\$318,100,000
(Obligations).....±\$468,900,000

	<u>2003 President's Budget Base</u>	<u>Change from Base</u>
Increases:		
A. <u>Built-in:</u>		
1. Adoption assistance -- Increase in children and payments.....	\$1,619,800,000	+\$79,900,000
2. Foster care – Increase in payments.....	4,736,000,000	+202,900,000
Total Built-in Increases.....		+\$282,800,000
B. <u>Program:</u>		
1. Foster Care – Increase for new alternative funding option for foster care.....		+35,300,000
Total Program increases.....		+\$35,300,000
Net Change.....		+\$318,100,000

Payments to States for Foster Care and Adoption Assistance

Budget Authority by Activity

	<u>2002</u> <u>Actual</u>	2003 President's Budget	2004 <u>Estimate</u>
Foster Care	\$5,055,492,000	\$4,736,000,000	\$4,974,200,000
Adoption Assistance.....	1,426,000,000	1,619,800,000	1,699,700,000
Independent Living.....	140,000,000	200,000,000	200,000,000
Total Budget Authority	\$6,621,492,000	\$6,555,800,000	\$6,873,900,000
(Total Obligations).....	(6,069,090,642)	(6,405,000,000)	

Payments to States for Foster Care and Adoption Assistance

Budget Authority by Object

	<u>2003</u> <u>President's</u> <u>Budget</u>	<u>2004</u> <u>Estimate</u>	<u>Increase</u> <u>or</u> <u>Decrease</u>
Salaries and benefits (11.0, 12.0 & 13.0)	\$210,000	\$215,000	+\$5,000
Travel (21.0)	4000	4000	0
Communications, utilities and misc. (23.0)	40,000	40,000	0
Advisory and assistance Services (25.1)	12,130,000	17,709,000	+5,579,000
Research and development (25.5)	1,600,000	1,600,000	0
Supplies and materials (26.0)	14,000	14,000	0
Equipment (31.0)	2,000	2,000	0
Grants, subsidies and contributions (41.0)	6,391,000,000	6,854,316,000	+463,316,000
Total Obligations	\$6,405,000,000	\$6,873,900,000	+\$468,900,000

ADMINISTRATION FOR CHILDREN AND FAMILIES

Payments to States for Foster Care and Adoption Assistance

SIGNIFICANT ITEMS IN HOUSE, SENATE AND CONFERENCE APPROPRIATIONS COMMITTEE REPORTS

The following section represents FY 2003 Congressional requirements for reports and significant items derived from Senate Report 107-216 (Labor, Health and Human Services and Education). These actions discussed below are contingent on inclusion of similar language and funding in the final FY 2003 appropriation and related reports. Additional items may be transmitted at a later date as a result of the final Conference report.

2003 Senate Committee Report Language

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. The Committee understands that the remaining States will be reviewed during fiscal year 2003. The Committee requests that ACF prepare a report on compliance and other implementation issues identified during these reviews and provide it to the Committee not later than 90 days after the last review.

Action Taken or to be Taken

The Administration agrees with the Committee about the value and importance of the reviews and plans to provide the Committee with the information requested. However, due to the time required to fully complete the evaluation and compilation of the information gathered during the reviews, the Administration will not be able to provide the report requested until 180 days after the completion of the final review.

Payments to States for Foster Care and Adoption Assistance

Authorizing Legislation

	<u>2003 Amount Authorized</u>	<u>2003 President's Budget</u>	<u>2004 Amount Authorized</u>	<u>2004 Estimate</u>
1. Foster Care [Section 470 of Title IV-E of the Social Security Act, as amended]	Indefinite	\$4,736,000,000	Indefinite	\$4,974,200,000
2. Independent Living [Sections 470 and 477 of Title IV-E of the Social Security Act, as amended]	\$200,000,000	\$200,000,000	\$200,000,000	\$200,000,000
3. Adoption Assistance [Section 470 of Title IV-E of the Social Security Act, as amended]	Indefinite	\$1,619,800,000	Indefinite	\$1,699,700,000
Total Budget Authority		\$6,555,800,000		\$6,873,900,000
Appropriation against definite authorization		\$200,000,000		\$200,000,000

Payments to States for Foster Care and Adoption Assistance

APPROPRIATIONS HISTORY TABLE

<u>Year</u>	<u>Budget Estimate to Congress</u>	<u>House Allowance</u>	<u>Senate Allowance</u>	<u>Appropriation</u>
1995				
Appropriation	3,440,871,000	3,597,371,000	3,597,371,000	3,597,371,000
Supplemental	26,291,000	0	0	0
1996	4,307,842,000	4,307,842,000	4,322,238,000	4,322,238,000
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			
2004				
Advance	1,735,400,000			
Appropriation	5,103,200,000			
Leg. Proposal	35,300,000			
2005				
Advance	1,767,700,000			
Leg. Proposal	54,500,000			

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.

Payments to States for Foster Care and Adoption Assistance

Justification

	2002 Enacted	2003 President's Budget	2004 Estimate	Increase or Decrease
Foster Care	\$5,055,500,000	\$4,736,000,000	\$4,974,200,000	+\$238,200,000
Adoption Assistance	1,426,000,000	1,619,800,000	1,699,700,000	+\$79,900,000
Independent Living	140,000,000	140,000,000	140,000,000	0
Independent Living Training Vouchers		60,000,000	60,000,000	0
Total, BA.....	\$6,621,500,000	\$6,555,800,000	\$6,873,900,000	+\$318,100,000

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 Family Resource and Support grants, the Abandoned Infants Assistance program, the Adoption Opportunities program, and the Adoption Incentives program.

Payments to States for Foster Care and Adoption Assistance include those entitlement programs which assist States with the costs of maintaining eligible children in foster care, preparing children for living on their own, and adopting children under special conditions. Administrative and training costs are also supported. Legislation is being proposed to create an alternative

funding option for the Foster Care program. The President's appropriation request is \$6,873,900,000 for this account.

The request also includes \$1,822,200,000 for the first quarter of FY 2005. These funds will ensure the timely awarding of first quarter grants.

The following tables illustrate how the FY 2004 request for new budget authority was derived:

CURRENT LAW

<u>IV-E Program</u>	<u>Appropriated in FY 2003 for the First Quarter of FY 2004</u>	<u>Requirement for Quarters 2, 3, and 4 FY 2004</u>	<u>First Quarter Requirement for FY 2005</u>	<u>Total FY 2004 Estimate</u>
Foster Care	\$1,237,000,000	\$3,737,200,000	\$1,314,600,000	\$4,974,200,000
Adoption Assistance	\$463,400,000	\$1,236,300,000	\$472,600,000	\$1,699,700,000
Independent Living	\$35,000,000	\$165,000,000	\$35,000,000	\$200,000,000
Subtotal, IV-E Current Law	\$1,735,400,000	\$5,138,500,000	\$1,822,200,000	\$6,873,900,000

FOSTER CARE

Authorizing legislation -- Section 470 of the Social Security Act, as amended

2002 Enacted	2003 President's Budget	2004 Estimate	Increase or Decrease
\$5,055,492,000	\$4,736,000,000	\$4,974,200,000	+\$238,200,000

2004 Authorization....Indefinite (with legislative modifications proposed in the FY 2004 budget).

Purpose and Method of Operation

Consistent with 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.

To strengthen services provided to these vulnerable children and further the goal of helping States develop a seamless system for child welfare services, ACF is proposing legislation to offer States an alternative financing system to the current entitlement program. Under this alternative system, States could choose to administer their foster care program within a fixed allocation of funds over a five-year period, if this approach would better support their unique child welfare needs.

The alternative program would encompass funding for the existing title IV-E foster care maintenance payments program and the associated administrative costs, including funding for the State Automated Child Welfare Information Systems. States that select this alternative financing structure will be required to apply for the fixed allocation approach soon after enactment of the legislation and must commit to the new funding structure for the full five-year period. Funding for the program will be cost neutral over five years. However, to support State creativity, States will be permitted to receive up-front funding through this option. The proposal includes a maintenance of effort requirement to ensure that States that choose the new option maintain their existing level of investment in the program. State allocations will be derived using historic expenditure rates.

States that choose the fixed allocation option will enjoy far more flexibility than that afforded under the existing IV-E program both in allowable activities and in the population served. States will be able to use the funds for purposes under title IV-E or title IV-B, including foster care maintenance payments, prevention activities, permanency efforts (including subsidized guardianships), case management, administrative activities (including developing and operating State information systems), the training of child welfare staff and other such services related to child welfare activities. The proposal will provide States with the flexibility to develop a child welfare system that supports a continuum of services to families in crisis and children at risk while removing the administrative burden of many of the current federal requirements. States will have the flexibility to try innovative ways to insure the safety, permanency and well-being of children. However, the Department will require States to maintain existing child protections to ensure that States maintain their focus on child safety, permanency and well-being when providing services.

States which elect to use the alternative funding option and which experience emergencies affecting their foster care systems may apply for access to additional funding from the Temporary Assistance for Needy Families (TANF) Contingency Fund. States which choose to apply would be required to meet strict guidelines to ensure only truly needy States receive additional resources.

Two set-asides will be created within this new program. The first set-aside will be \$30 million for Indian tribes or consortia that can demonstrate the capacity to operate a title IV-E program. Allocations for each tribe or consortia that qualifies will be based on the tribe's population of children under age 21. Indian tribes will have similar program requirements as do States, however, the Secretary will have the authority to waive certain State program requirements that are burdensome to Indian tribes but do not affect or compromise child safety. The second set-aside will be an administrative set-aside of 1/3 of one percent in order to facilitate the monitoring and technical assistance necessary to support the success of State child welfare programs.

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

1999	.....	\$3,982,700,000
2000	.....	\$4,537,200,000
2001	.....	\$5,063,500,000
2002	.....	\$5,055,492,000
2003	.....	\$4,736,000,000

Rationale for the Budget Request

In FY 2004, federal assistance of \$4,974,200,000 is requested, an increase of \$238,200,000 over the FY 2003 request. Of this amount, \$1,237,000,000 was made available for the first quarter of FY 2004 in the FY 2003 budget. In addition, \$1,314,600,000 is requested for the first quarter of FY 2005 to ensure timely first quarter grant awards. The additional funds reflect up-front funding costs assumed under the new child welfare program option being proposed for States, as well as increases in basic program costs.

The proposed legislation will provide States and Indian tribes with the opportunity to design a flexible child welfare system that supports a continuum of services to families in crisis and children at risk while removing the administrative burden of many of the current federal requirements. The current determination and re-determination for IV-E eligibility is a significant burden to States. Additionally, the cost allocation process for claiming administrative costs under the IV-E system is cumbersome. Both would be eliminated for States that choose the alternative funding structure. The proposed approach will provide significant resources and flexibility for States and tribes to fund prevention, treatment and permanent placement activities. In addition, these funds will support out-of-home care when that option is determined to be in the best interest of the child. The proposal will make the child welfare system more efficient and provide increased flexibility to the States for designing a seamless child welfare system.

Under the proposed funding option, States can receive up-front funding at the outset of the program cycle with funds evenly distributed across each of the five years. As States begin designing their foster care programs under the fixed allocation option it is essential to provide sufficient funds to allow States the time and flexibility to implement innovative, cost efficient programs. States have long raised concerns that the title IV-E foster care program is too restrictive. The funding flexibility and up-front funding provided through the alternative funding option in the first years of the program will allow States to make changes to their child welfare systems and to reorganize their service delivery techniques in new and innovative ways to best serve children and their families.

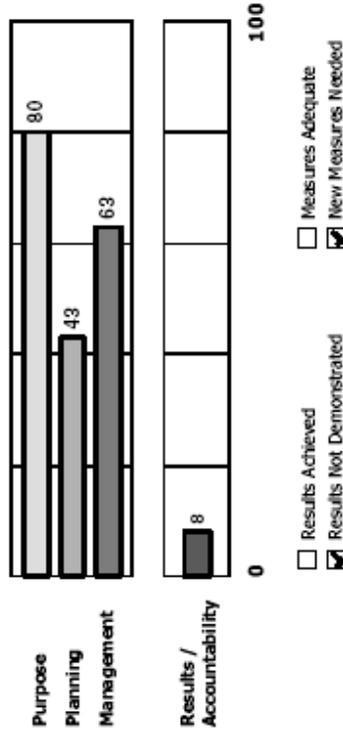
This alternative for States will not affect or change the provisions of the Adoption and Safe Families Act. Permanency for children will continue to be of paramount concern under the foster care program, regardless of the funding mechanism chosen by the States. Similarly, this alternative option for the Foster Care program will not affect or change the Adoption Assistance program, the John H. Chafee Foster Care Independence Program, or title IV-B of the Social Security Act.

The proposed administrative set-aside will allow for the carrying out of critical parts of the child welfare program option, federal monitoring, technical assistance, and child welfare research. The set-aside will also be used to examine the safety, permanence and well-being of children in States that choose the alternative funding option.

A PART assessment was conducted for this program and helped inform the FY 2004 budget policy. A summary of the PART assessment follows on the next page.

Program: Foster Care

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



Key Performance Measures

Measure	Year	Target	Actual
Long-term measure: Measure under development			
Annual Measure: Percentage of children with substantiated reports of maltreatment that have a repeated substantiated report of maltreatment within 6 months	1999		8%
	2000		9%
	2001	7%	
	2004	7%	
Annual Measure: Percentage of children with no more than 2 placement settings, for those who had been in care less than 12 months	1999		60%
	2000		58%
	2001	72%	60%
	2002	60%	

Rating: Results Not Demonstrated

Program Type: Block/Formula Grants
Program Summary:

The purpose of the federal foster care program is to prevent maltreatment and abuse of children in troubled families by providing a stable temporary home - a foster care family - until the children can safely return to their homes, or a permanent home is found. Foster Care Maintenance Payments go to foster parents to cover the costs of a child's food, shelter, clothing, supervision, and travel home for visits.

The assessment indicates that the overall purpose of the program is clear and addresses a specific need. However, the program is suboptimal in design because the program financial structure does not provide appropriate incentives for the permanent placement of children. Additional findings include:

1. Program performance goals are non-specific and target measures are unambitious.
2. There is a lack of independent evaluations, the budget and program goals are not aligned, and the program lacks a proactive, systematic process to address strategic planning deficiencies.
3. While program management is generally sound, relatively high erroneous payments indicate that program funds are not always spent for the intended purpose. There is no existing performance measure to reduce erroneous payments.
4. Finally, there has been inadequate progress toward meeting performance goals.

To address these findings, the Administration recommends legislation to introduce an option available to all states to participate in an alternative financing system for child welfare that will better meet the needs of each state's foster care population. The change will focus on getting results. States choosing to participate will face fewer administrative burdens and will receive funds in the form of flexible grants. This will serve as an incentive to create innovative child welfare plans with a stronger emphasis on prevention and family support, and increased flexibility in services provided and population served. State flexibility will be balanced with accountability to ensure the best outcomes for vulnerable children and their families. Participating states must continue to provide for the safety, permanency, and well-being of children by upholding high standards of performance.

Program Funding Level (in millions of dollars)

2002 Actual	2003 Estimate	2004 Estimate
4,380	4,629	4,887

Resource and Program Data
Foster Care Program

	FY 2002 Actual	FY 2003 President's Budget	FY 2004 Estimate
<u>Resource Data:</u>			
Service Grants:			
Formula	\$4,527,682,074	\$4,655,100,000	\$4,957,616,017
Discretionary			
Research/Evaluation			
Demonstration/Development			
Training/Technical Assistance	8,074,775	10,730,000	\$16,313,983
Program Support ¹	266,865	270,000	270,000
Total, Resources	\$4,536,023,714	\$4,666,100,000 ²	\$4,974,200,000
<u>Program Data:</u>			
Number of Grants	52	52	52
New Starts:			
#	52	52	52
\$	\$4,527,682,074	\$4,655,100,000	\$4,957,616,017
Continuations:			
#			
\$			
Contracts:			
#	7	8	10
\$	\$8,412,224	\$11,000,000	\$16,583,983
Interagency Agreements:			
#			
\$			

¹ Includes funding for information technology support.

² Assumes lapse of \$69.9 million

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

FY 2004 MANDATORY STATE/FORMULA GRANTS

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

STATE/TERRITORY	2002 Actual	2003 Pres. Budget	2004 Estimate	Difference +/- 2003
Alabama	\$26,760,886	\$27,513,990	\$29,093,372	\$1,579,382
Alaska	9,042,860	9,297,344	9,831,038	533,694
Arizona	37,175,514	38,221,706	40,415,741	2,194,035
Arkansas	27,203,730	27,969,297	29,574,814	1,605,517
California	1,088,647,403	1,119,284,091	1,183,534,191	64,250,100
Colorado	46,103,583	47,401,029	50,121,983	2,720,954
Connecticut	69,374,824	71,327,169	75,421,552	4,094,383
Delaware	9,263,456	9,524,148	10,070,861	546,713
District of Columbia	21,828,710	22,443,013	23,731,306	1,288,293
Florida	134,026,727	137,798,504	145,708,531	7,910,027
Georgia	71,401,052	73,410,419	77,624,386	4,213,967
Hawaii	18,410,017	18,928,111	20,014,639	1,086,528
Idaho	4,376,501	4,499,664	4,757,958	258,294
Illinois	305,506,615	314,104,175	332,134,651	18,030,476
Indiana	37,342,838	38,393,739	40,597,649	2,203,910
Iowa	10,629,385	10,928,517	11,555,845	627,328
Kansas	16,581,834	17,048,480	18,027,111	978,631
Kentucky	54,934,182	56,480,139	59,722,260	3,242,121
Louisiana	54,485,044	56,018,361	59,233,975	3,215,614
Maine	27,675,395	28,454,235	30,087,590	1,633,355
Maryland	154,288,328	158,630,307	167,736,139	9,105,832
Massachusetts	67,467,647	69,366,320	73,348,145	3,981,825
Michigan	152,602,354	156,896,886	165,903,215	9,006,329
Minnesota	97,894,964	100,649,922	106,427,514	5,777,592
Mississippi	17,758,511	18,258,271	19,306,347	1,048,076
Missouri	56,504,939	58,095,100	61,429,924	3,334,824
Montana	5,041,737	5,183,621	5,481,176	297,555
Nebraska	21,682,977	22,293,179	23,572,871	1,279,692
Nevada	22,940,772	23,586,371	24,940,296	1,353,925
New Hampshire	9,659,143	9,930,970	10,501,036	570,066
New Jersey	43,587,491	44,814,129	47,386,588	2,572,459
New Mexico	13,481,921	13,861,329	14,657,009	795,680
New York	534,881,945	549,934,581	581,502,394	31,567,813
North Carolina	62,944,888	64,716,282	68,431,181	3,714,899
North Dakota	13,694,141	14,079,521	14,887,726	808,205

STATE/TERRITORY	2002 Actual	2003 Pres. Budget	2004 Estimate	Difference +/- 2003
Ohio	206,408,086	212,216,818	224,398,668	12,181,850
Oklahoma	27,515,259	28,289,593	29,913,496	1,623,903
Oregon	32,147,503	33,052,197	34,949,488	1,897,291
Pennsylvania	398,423,564	409,635,991	433,150,265	23,514,274
Rhode Island	12,628,699	12,984,096	13,729,420	745,324
South Carolina	36,969,774	38,010,177	40,192,069	2,181,892
South Dakota	5,418,760	5,571,255	5,891,061	319,806
Tennessee	24,043,159	24,719,781	26,138,767	1,418,986
Texas	145,823,169	149,926,921	158,533,154	8,606,233
Utah	22,033,702	22,653,774	23,954,165	1,300,391
Vermont	12,494,283	12,845,897	13,583,288	737,391
Virginia	85,322,222	87,723,358	92,758,929	5,035,571
Washington	55,825,569	57,396,611	60,691,340	3,294,729
West Virginia	27,567,713	28,343,523	29,970,522	1,626,999
Wisconsin	78,152,315	80,351,676	84,964,091	4,612,415
Wyoming	2,490,768	2,560,863	2,707,864	147,001
Subtotal	4,518,466,859	4,645,625,451	4,912,297,601	266,672,150
Puerto Rico	9,215,215	9,474,549	10,018,416	543,867
Subtotal	9,215,215	9,474,549	10,018,416	543,867
Total States/Territories	4,527,682,074	4,655,100,000	4,922,316,017	267,216,017
Technical Assistance	8,341,640	11,000,000	16,583,983	5,583,983
Child welfare program option additional funds			35,300,000	35,300,000
Subtotal adjustments	8,341,640	11,000,000	51,883,983	40,883,983
TOTAL RESOURCES	\$4,536,023,714	\$4,666,100,000¹	\$4,974,200,000	\$308,100,000

¹ Assumes lapse of \$69.9 million

ADOPTION ASSISTANCE

Authorizing legislation -- Section 470 of the Social Security Act, as amended.

2002 Enacted	2003 President's Budget	2004 Estimate	Increase or Decrease
\$1,426,000,000	\$1,619,800,000	\$1,699,700,000	+\$79,900,000

2004 Authorization....Indefinite.

Purpose and Method of Operation

The Adoption Assistance program, 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, 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. 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 nearly doubled, from just fewer than 147,000 in FY 1997 to an estimated 285,600 in FY 2002.

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

1999	.....	\$868,800,000
2000	.....	\$1,020,100,000
2001	.....	\$1,197,600,000
2002	.....	\$1,426,000,000
2003	.....	\$1,619,800,000

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 2004 an estimated average of 348,700 children per month, an increase of 31,700 children over FY 2003, will have payments made on their behalf, at an estimated cost of \$1,699,700,000, of which \$463,400,000 was appropriated in FY 2003 for the first quarter of FY 2004. This amount includes funds for the costs of administration and training. In addition, the request includes \$472,600,000 for the first quarter of FY 2005 to ensure timely first quarter grant awards. Technical changes will be proposed to align this program with the Foster Care legislation.

The amount requested, together with amounts requested for child welfare discretionary programs, will assist in achieving the performance goal of providing children with permanency and stability in their living situations and minimizing disruption to the continuity of family and other relationships through:

- Increasing the percentage of children who exit the foster care system and are adopted within two years of placement from 23 percent in FY 2001 to 27 percent in FY 2004;
- Making progress toward doubling the number of adoptions in the public foster care system by increasing the number to 60,000 in FY 2004;
- Maintaining the percentage of children who exit the foster care system through reunification within one year of placement at 67 percent in FY 2004; and
- Changing the percentage of children who exit the foster care system through guardianships within two years of placement from 57 percent in FY 2001 to 62 percent in FY 2004.

Resource and Program Data
Adoption Assistance Program

	FY 2002 Actual	FY 2003 President's Budget	FY 2004 Estimate
<u>Resource Data:</u>			
Service Grants:			
Formula	\$1,393,075,328	\$1,538,900,000	\$1,699,700,000
Discretionary			
Research/Evaluation			
Demonstration/Development			
Training/Technical Assistance			
Program Support			
Total, Resources	\$1,393,075,328	\$1,538,900,000 ¹	\$1,699,700,000
<u>Program Data:</u>			
Number of Grants	52	52	52
New Starts:			
#	52	52	52
\$	\$1,393,075,328	\$1,538,900,000	\$1,699,700,000
Continuations:			
#			
\$			
Contracts:			
#			
\$			
Interagency Agreements:			
#			
\$			

¹ Assumes lapse of \$80.9 million.

**DEPARTMENT OF HEALTH AND HUMAN SERVICES
ADMINISTRATION ON CHILDREN, YOUTH AND FAMILIES**

FY 2004 MANDATORY STATE/FORMULA GRANTS

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

STATE/TERRITORY	2002 Actual	2003 Pres. Budget	2004 Estimate	Difference +/- 2003
Alabama	\$4,449,789	\$4,915,585	\$5,429,216	\$513,631
Alaska	6,043,216	6,675,810	7,373,366	697,556
Arizona	18,926,328	20,907,504	23,092,134	2,184,630
Arkansas	7,062,625	7,801,929	8,617,154	815,225
California	236,146,069	260,865,442	288,123,330	27,257,888
Colorado	21,577,363	23,836,045	26,326,678	2,490,633
Connecticut	16,315,490	18,023,368	19,906,634	1,883,266
Delaware	1,941,165	2,144,363	2,368,428	224,065
District of Columbia	7,218,613	7,974,245	8,807,476	833,231
Florida	43,932,311	48,531,071	53,602,093	5,071,022
Georgia	35,081,931	38,754,248	42,803,688	4,049,440
Hawaii	7,073,072	7,813,469	8,629,900	816,431
Idaho	2,509,512	2,772,203	3,061,872	289,669
Illinois	74,441,347	82,233,741	90,826,363	8,592,622
Indiana	25,872,098	28,580,346	31,566,712	2,986,366
Iowa	22,448,098	24,797,927	27,389,068	2,591,141
Kansas	9,640,655	10,649,822	11,762,625	1,112,803
Kentucky	13,797,891	15,242,231	16,834,895	1,592,664
Louisiana	6,176,458	6,822,999	7,535,936	712,937
Maine	9,115,929	10,070,169	11,122,403	1,052,234
Maryland	13,099,321	14,470,536	15,982,565	1,512,029
Massachusetts	27,080,201	29,914,911	33,040,726	3,125,815
Michigan	92,035,739	101,669,885	112,293,393	10,623,508
Minnesota	15,860,284	17,520,512	19,351,234	1,830,722
Mississippi	3,635,347	4,015,889	4,435,510	419,621
Missouri	19,228,066	21,240,827	23,460,286	2,219,459
Montana	5,458,913	6,030,343	6,660,455	630,112
Nebraska	5,535,330	6,114,759	6,753,692	638,933
Nevada	4,981,852	5,503,344	6,078,389	575,045
New Hampshire	1,534,208	1,694,806	1,871,897	177,091
New Jersey	16,535,989	18,266,948	20,175,666	1,908,718
New Mexico	10,100,953	11,158,304	12,324,237	1,165,933
New York	200,066,593	221,009,226	244,102,529	23,093,303
North Carolina	18,900,809	20,879,314	23,060,998	2,181,684
North Dakota	2,027,922	2,240,201	2,474,281	234,080

STATE/TERRITORY	FY 2002 Actual	FY 2003 Pres. Budget	FY 2004 Estimate	Difference +/- 2003
Ohio	134,070,180	148,104,420	163,579,883	15,475,463
Oklahoma	17,583,514	19,424,127	21,453,758	2,029,631
Oregon	19,839,605	21,916,381	24,206,429	2,290,048
Pennsylvania	59,927,897	66,201,048	73,118,410	6,917,362
Rhode Island	5,603,763	6,190,355	6,837,187	646,832
South Carolina	12,714,385	14,045,305	15,512,902	1,467,597
South Dakota	1,493,703	1,650,061	1,822,477	172,416
Tennessee	10,661,046	11,777,026	13,007,610	1,230,584
Texas	43,914,618	48,511,526	53,580,506	5,068,980
Utah	5,770,534	6,374,584	7,040,665	666,081
Vermont	7,021,813	7,756,845	8,567,359	810,514
Virginia	13,167,413	14,545,756	16,065,645	1,519,889
Washington	18,189,169	20,093,180	22,192,721	2,099,541
West Virginia	9,374,935	10,356,287	11,438,418	1,082,131
Wisconsin	27,059,061	29,891,558	33,014,933	3,123,375
Wyoming	657,016	725,791	801,629	75,838
Subtotal	1,392,900,139	1,538,706,572	1,699,486,361	160,779,789
Puerto Rico	175,099	193,428	213,639	20,211
Subtotal	175,099	193,428	213,639	20,211
Total States/Territories	1,393,075,238	1,538,900,000	1,699,700,000	160,800,000
TOTAL RESOURCES	\$1,393,075,238	\$1,538,900,000¹	\$1,699,700,000	\$160,800,000

¹ Assumes lapse of \$80.9 million.

INDEPENDENT LIVING

Authorizing Legislation -- Sections 470 and 477 of the Social Security Act.

2002 Enacted	2003 President's Budget	2004 Estimate	Increase or Decrease
\$140,000,000	\$200,000,000	\$200,000,000	\$0

2004 Authorization....\$200,000,000¹.

Purpose and Method of Operation

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, instead of 1984; 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.

¹ Of this amount, \$140 million is mandatory and \$60 million is discretionary.

In addition, the Administration proposed legislation that was enacted in 2002 to amend sections 474 and 477 of the Social Security Act to provide vouchers of up to \$5,000 for college tuition or vocational training to foster care children from 16 to 21 years of age. (Participants who turn 21 while working toward the completion of a degree or training program may remain eligible for the voucher program until they are 23 years of age.) Funding for these vouchers is authorized at \$60 million, is discretionary in nature and is also distributed based on the foster care ratio, without a minimum guaranteed amount. These vouchers will provide youth an additional resource to prepare for independent living, increasing the prospect that they will be able to secure work and become contributing members of society. In order not to serve as a disincentive to the adoption of older children, the vouchers would also be available to individuals adopted from foster care after reaching age 16.

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

1999	.....	\$70,000,000
2000	.....	\$140,000,000 ¹
2001	.....	\$140,000,000
2002	.....	\$140,000,000
2003	.....	\$200,000,000 ²

Rationale for the Budget Request

The FY 2004 request of \$200,000,000 is the same as the FY 2003 President’s Budget. This will allow continued grants to support both the basic Independent Living Program and the program enacted in 2002 to provide \$5,000 vouchers for youth who “age out” of foster care for college tuition or vocational training.

¹ Includes a supplemental appropriation of \$35,000,000.

² Of this amount, \$140 million is mandatory and \$60 million is discretionary.

Resource and Program Data
Independent Living Program

	FY 2002 Actual	FY 2003 President's Budget	FY 2004 Estimate
<u>Resource Data:</u>			
Service Grants:			
Formula	\$137,900,000	\$197,000,000	\$197,000,000
Discretionary			
Research/Evaluation	1,350,000	1,600,000	1,600,000
Demonstration/Development			
Training/Technical Assistance	300,000	950,000	950,000
Program Support ¹	441,690	450,000	450,000
Total, Resources	\$139,991,690	\$200,000,000	\$200,000,000
<u>Program Data:</u>			
Number of Grants	52	52	52
New Starts:			
#	52	52	52
\$	\$137,900,000	\$197,000,000	\$197,000,000
Continuations:			
#			
\$			
Contracts:			
#	4	4	4
\$	\$1,932,989	\$2,729,958	\$2,729,958
Interagency Agreements:			
#			
\$			

¹Includes funding for information technology support, staffing and associated overhead costs, contract fees, and printing cost.

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

FY 2004 MANDATORY/DISCRETIONARY STATE/FORMULA GRANTS

PROGRAM: Independent Living Program (CFDA #93.674)

STATE/TERRITORY	FY 2002 Actual	FY 2003 Pres. Budget	FY 2004 Estimate	Difference +/- 2003
Alabama	\$1,336,297	\$2,048,053	\$2,048,053	\$0
Alaska	500,000	744,590	744,590	0
Arizona	1,554,092	2,117,181	2,117,181	0
Arkansas	693,779	1,063,062	1,063,062	0
California	26,987,207	37,727,841	37,727,841	0
Colorado	1,874,643	2,617,587	2,617,587	0
Connecticut	1,498,108	2,577,691	2,577,691	0
Delaware	500,000	608,365	608,365	0
District of Columbia	1,091,992	1,440,960	1,440,960	0
Florida	10,082,821	11,383,114	11,383,114	0
Georgia	2,692,201	4,326,532	4,326,532	0
Hawaii	578,976	915,863	915,863	0
Idaho	500,000	616,427	616,427	0
Illinois	7,925,186	10,111,292	10,111,292	0
Indiana	2,074,958	3,261,408	3,261,408	0
Iowa	1,203,305	1,815,217	1,815,217	0
Kansas	1,573,226	2,212,447	2,212,447	0
Kentucky	1,371,022	2,353,799	2,353,799	0
Louisiana	1,358,131	1,884,253	1,884,253	0
Maine	753,542	1,110,522	1,110,522	0
Maryland	3,098,972	4,311,056	4,311,056	0
Massachusetts	2,755,036	4,175,894	4,175,894	0
Michigan	5,543,378	10,768,870	10,768,870	0
Minnesota	2,149,603	2,847,326	2,847,326	0
Mississippi	769,133	1,050,680	1,050,680	0
Missouri	3,111,964	4,572,780	4,572,780	0
Montana	525,590	711,705	711,705	0
Nebraska	1,470,708	2,138,160	2,138,160	0
Nevada	523,228	695,686	695,686	0
New Hampshire	500,000	634,645	634,645	0
New Jersey	2,297,848	3,783,136	3,783,136	0
New Mexico	500,000	679,562	679,562	0
New York	11,626,283	16,345,347	16,345,347	0
North Carolina	2,576,217	3,483,594	3,483,594	0
North Dakota	500,000	620,197	620,197	0

STATE/TERRITORY	FY 2002 Actual	FY 2003 Pres. Budget	FY 2004 Estimate	Difference +/- 2003
Ohio	4,847,710	7,553,203	7,553,203	0
Oklahoma	2,018,974	3,124,527	3,124,527	0
Oregon	1,775,194	2,328,624	2,328,624	0
Pennsylvania	5,239,835	7,477,885	7,477,885	0
Rhode Island	591,023	846,391	846,391	0
South Carolina	1,109,998	1,671,115	1,671,115	0
South Dakota	500,000	654,853	654,853	0
Tennessee	2,506,060	3,380,748	3,380,748	0
Texas	4,521,017	6,692,368	6,692,368	0
Utah	500,000	762,819	762,819	0
Vermont	500,000	646,162	646,162	0
Virginia	1,695,116	2,512,690	2,512,690	0
Washington	2,107,084	3,131,062	3,131,062	0
West Virginia	811,652	1,139,411	1,139,411	0
Wisconsin	2,560,154	3,653,822	3,653,822	0
Wyoming	500,000	606,167	606,167	0
Subtotal	135,881,263	193,936,691	193,936,691	0
Puerto Rico	2,018,737	3,063,309	3,063,309	0
Subtotal	2,018,737	3,063,309	3,063,309	0
Total States/Territories	137,900,000	197,000,000	197,000,000	0
Technical Assistance	2,100,000	3,000,000	3,000,000	0
Subtotal Adjustments	2,100,000	3,000,000	3,000,000	0
TOTAL RESOURCES	\$140,000,000	\$200,000,000	\$200,000,000	\$0