

On April 10, President Obama presented his \$3.77 trillion FY 2014 budget request to Congress, outlining his spending priorities for the coming year. Among the most prominent features of this year's budget are the President's deficit-reduction proposals, repeated from "Grand Bargain" negotiations of late 2012, which seek to trim an additional \$1.8 trillion from the budget through \$580 billion in new taxes on the wealthy along with \$230 billion in savings from reductions in cost-of-living-adjustments for federal entitlement programs. The President's budget also eliminates sequester-related cuts. Overall, funding for the Department of Health and Human Services (HHS) would increase to \$80.1 billion in discretionary funding in FY 2014, up \$3.9 billion from FY 2012 levels. Included in the budget are new investments in mental health services for youth and families and high-quality child care. At the same time, the budget proposes reductions to the Community Services Block Grant and the Low Income Home Energy Assistance Program and the elimination of the Preventive Health and Health Services Block Grant.

The FY 2014 budget request for the Administration for Children and Families (ACF) is \$50.3 billion. The department's discretionary budget request is \$16.2 billion, reflecting a decrease of \$309 million from the FY 2012 levels. With respect to child welfare, among the most notable aspects of the budget is the inclusion of a new proposal for a pregnancy prevention program for foster care youth. The new initiative re-designates approximately \$12 million in abstinence education funds that are not currently drawn down by states for teen pregnancy prevention. The program would provide competitive funds to local or state child welfare agencies. Grantees would be expected to fund effective pregnancy prevention efforts for foster youth, and would not be limited to abstinence education initiatives.

Other proposals in the President's FY 2014 budget that are significant for child welfare are highlighted below.

- The FY 2014 budget includes two new proposals, targeting support to adolescents as they transition to adulthood and independence. The first is a \$5 million initiative included in **Social Services Research and Demonstration** as part of a cross-agency effort in cooperation with Departments of Education and Labor to identify and test new ways to strengthen services for disconnected youth ages 14 to 24, who are neither working nor in school. As part of this effort, an additional \$5 million is requested by the Department of Education and \$10 million by the Department of Labor.
- The budget also provides \$355 million in additional funding to the **Office of Refugee Resettlement** to help cover the continued sharp increase in needed services due to the increase in unaccompanied alien children being apprehended at our borders and placed in ACF custody for care.
- The budget request also includes a new \$5 million competitive child welfare services grant program to combat **youth domestic sex trafficking**. Funds are intended to improve coordination among the various systems, including child welfare, that come into contact with these youth and to train staff in these systems to appropriately identify and serve this vulnerable population.
- The President's budget also creates a new program to provide help to victims of **human trafficking** who are U.S. citizens or legal permanent residents. The budget provides \$10 million for this domestic trafficking program. Previous funding provided through the Trafficking Victims Protection Reauthorization Act of 2008 authorized assistance to many trafficking victims, but only to foreign nationals.

Impact of the President's FY 2014 Budget Request on Child Welfare Programs

- The President's budget also includes a proposal seen in previous years, which provides that funds recovered by states for child support to offset the cost of Title IV-E foster care can be used instead to promote the **best interest of the child**, rather than as general revenue for the state. This foster care reform proposal will cost \$2 million in the first year, with costs projected at \$254 million over 10 years.
- The budget provides an increase of \$5.4 million for the **Family Violence Prevention and Services Act (FVPSA)**, which administers grants to states and tribes in order to support programs and initiatives aimed at preventing incidents of family violence, domestic violence, and dating violence. The grants can also be used to provide immediate shelter and supportive services for adult and youth victims and their dependents. FVPSA was reauthorized through FY 2015 as part of the Child Abuse Prevention and Treatment Act Reauthorization Act of 2010 (Public Law 111-320).
- **Home-visiting funding**, now mandatory under the Affordable Care Act, would see a \$50 million increase, up to \$400 million in FY 2014. Overall, the budget proposes to invest \$15 billion over the next 10 years to extend and expand evidence-based, voluntary home-visiting.

As we saw in the President's budget last year, several child welfare line-items are level-funded (or near level-funded) in FY 2014, including:

- The budget request for programs authorized by title IV-E of the Social Security Act, including the **Foster Care, Adoption Assistance, Guardianship Assistance, and Independent Living Programs** at \$7 billion, reflecting an additional \$2 million to support legislation (previously mentioned) requiring the use of child support collections in the best interest of the child. This is a \$90.8 million increase above the FY 2013 current law estimate. Of the total request for child welfare in FY 2014, \$4.28 billion is provided to support the Foster Care Program, including maintenance payments to children reflecting a near flat funding level. These programs support safe living environments for vulnerable children and prepare older foster youth for transition to independent living.
- The budget maintains funding for Title IV-B programs including **Child Welfare Services** at \$281 million, Child Welfare Training and Research at \$7.2 million, Child Welfare Innovation at \$19 million, Family Connection Grants at \$15 million and Promoting Safe and Stable Families at \$338 million. These programs are subject to sequestration, and face 5 percent reductions.
- The FY 2014 budget includes \$2.46 billion in budget authority for the **Adoption Assistance Program**, an increase of \$94 million above FY 2013 current law estimate. This increase reflects a rise in the number of children participating in the Adoption Assistance Program. In FY 2014, an estimated average of 450,700 children per month will qualify for this assistance.
- The budget includes \$124 million for the **kinship-guardianship option** enacted as part of the Fostering Connections to Success Act, reflecting an increase of \$1 million above the FY 2013 current law estimate. Under the Fostering Connections Act, states have an option to create a Title IV-E kinship guardianship program using Title IV-E funds. The additional spending reflects an increase in the number of children participating in Guardianship Assistance programs, which provides funds to title IV-E agencies to provide a subsidy on behalf of a child to a relative granted legal guardianship of that child.

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- The budget maintains funding for the **Chafee Foster Care Independence Program** at \$140 million. This program provides resources and supports to youth who will likely remain in foster care until they turn 18 and current or former foster children between the ages of 18 and 21.
- The budget maintains funding for the **Adoption Incentives** program at \$39 million. The incentive payments are based on a formula originally created under the Adoption and Safe Families Act of 1997. States were awarded an incentive or bonus if they increased the number of adoptions from the foster care system over that state's base year. As part of the Fostering Connections to Success Act, the adoption incentive program was changed. The law now permits states to receive an additional payment of \$1000 per adoption if the state's adoption rate exceeds its highest recorded foster child adoption rate since 2002. It also awards \$8000 per older child (age 9 and older) adoption and \$4000 per special needs adoption above the baseline, and updates to FY 2007, the adoption baseline above which incentive payments are made.
- The budget maintains funding for the **Child Abuse Prevention and Treatment Act (CAPTA)** which provides funding for child abuse prevention programs. The total FY 2014 budget request for CAPTA is \$94 million (\$26 million for CAPTA state grants, \$26 million for CAPTA discretionary grants, and \$42 million for CAPTA community-based grants). CAPTA funds support efforts to improve investigations of child abuse, training for child protection workers, and the overall capacity of States to prevent and treat child abuse and neglect. The President's budget also maintains funding for the Adoption Opportunities grants at \$39 million. These grants support projects designed to eliminate barriers to adoption and help find permanent families for children who would benefit from adoption, especially children with special needs. In addition, funding for the Abandoned Infants Assistance program remains at \$11.5 million. These funds support service demonstration grants to prevent abandonment of infants and young children with AIDS or drug-exposed infants, and efforts to reunify and strengthen families impacted by substance abuse through comprehensive support services targeting both family caregivers and children and youth.
- Funding for the **Social Services Block Grant** is maintained at \$1.7 billion.

It's important to recognize that the President's budget represents only the Administration's wish list of priorities, providing a blueprint for Congress to consider as it begins the process of allocating federal dollars for spending on programs. Ultimately, Congress holds the reins on setting funding levels.

We realize that Congress has very difficult decisions to make with respect to spending cuts, but balancing the budget should not fall on the backs of our children. First Focus urges Congress to act swiftly to ensure that the needs of our children are met and that funding for child welfare is a national priority.