



## CHILD WELFARE

# IMPACT OF THE PRESIDENT'S FY 2012 BUDGET REQUEST ON CHILD WELFARE PROGRAMS

On February 14, President Obama presented his \$3.7 trillion FY 2012 budget request to Congress, outlining his spending priorities for the coming year. As expected, the budget reflects the serious economic challenges posed by the federal budget deficit, and proposes to trim or terminate more than 200 federal programs. Consistent with this theme, the budget includes a host of freezes and cuts across all non-security, discretionary federal programs.

The President proposes \$79.92 billion in discretionary budget authority for the Department of Health and Human Services (HHS), a small reduction in funding from FY2010 budget authority of \$79.99 billion. This trend in flat funding was seen widely across HHS, with the exception of the Centers for Medicare and Medicaid Services (CMS), which scored a 29 percent increase over FY 2010, and the Health Resources and Services Administration's Community Health Centers program, which had its funding increased by 50 percent to \$3.2 billion in FY 2012.

Among the most notable aspects of this year's budget proposal are the shifts in several line-items and other structural changes that are the result of recent legislation, in particular the Affordable Care Act (ACA) and the American Recovery and Reinvestment Act (ARRA). These legislative changes combined with the incomplete FY 2011 appropriations cycle presented some unique challenges in analyzing this year's budget. In particular, because funding for FY 2011 has not yet been agreed to (the federal government is currently operating under a continuing resolution (CR) that is set to expire on March 4, 2011) it is difficult to compare the President's budget proposals to current year spending levels. For the most part, the President's budget compares its FY 2012 funding request to FY 2010 spending, but it also compares some of its FY 2012 budget requests to current year funding with an assumption that the CR will be extended for the entire 2011 fiscal year. At this time, Members of Congress are proposing additional significant cuts to FY 2011 spending. As a result, comparisons in the President's budget to FY 2011 spending may be inaccurate. If additional FY 2011 cuts are enacted by Congress the impact of the reductions proposed in the President's FY 2012 budget request would be even more severe.

The FY 2012 budget request for the Administration for Children and Families (ACF) is \$50.7 billion. The department's discretionary budget request is \$16.2 billion, reflecting a decrease of \$1.2 billion from the FY 2010 enacted level. With respect to child welfare, among the most notable aspects of the budget is the inclusion of an increase in funding of \$250 million in mandatory funds in FY 2012 to support a reform agenda focused on providing incentives to states to improve outcomes for children in foster care and those

who are receiving in-home services from the child welfare system. This increase is part of the Administration's broader proposal to provide \$2.5 billion over ten years to support a comprehensive child welfare reform proposal aimed at making improvements in the foster care system to prevent child abuse and neglect and keep more children safely in their homes and out of long-term foster care. Other proposals in the President's FY 2012 budget that are significant for child welfare are highlighted below.

- 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 is \$7.3 billion, an increase of \$634 million from the FY 2011 level. These programs support safe living environments for vulnerable children and prepare older foster youth for transition to independent living.
- Of the total request for child welfare in FY 2012, \$4.5 billion is provided to support the Foster Care program, including maintenance payments to children and new incentive-based funds mentioned earlier. This reflects a \$571 million increase from the FY 2011 level.
- The FY2012 budget includes \$2.5 billion in budget authority for the Adoption Assistance program, an increase of \$15 million above the FY 2011 level. This increase reflects a rise in the number of children participating in the Adoption Assistance program, as well as outlays resulting from the extension of the enhanced FMAP match rates for maintenance payments for an additional two quarters through June 30, 2011.
- The budget projects a cost of \$80 million for the kinship-guardianship option enacted as part of the Fostering Connections to Success Act, reflecting an increase of \$48 million above FY 2011. 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. The \$80 million also includes the impact of extending the enhanced FMAP match rate for maintenance payments for an additional two quarters through June 30, 2011.
- The budget proposes funding the Adoption Incentives program at \$50 million. This reflects a 26 percent increase above FY 2010 and will cover anticipated State bonus payments due to increased adoptions for which States can claim incentive payments. The incentive payments are based on a formula originally created under the Adoption and Safe Families Act of 1997 (ASFA). 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 (nine 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 President's budget provides a \$13 million increase in funding for the Adoption Opportunities grants at \$39 million. The program saw an increase which resulted from re-directing of \$13 million that had been provided through the Adoption Awareness program which was created under the Children's Health Act.
- The budget maintains funding for Promoting Safe and Stable Families (PSSF), which supports a number of critical State child welfare activities, including family preservation services, community-based family support services, time-limited reunification services, and adoption promotion and support services. The total FY 2012 budget request for PSSF is \$443 million. PSSF includes a discretionary and a mandatory funding stream. The mandatory portion of this Budget request provides funding for this capped entitlement at \$380 million.
- The budget maintains funding for the Child Abuse Prevention and Treatment Act (CAPTA) which provides funding for child abuse prevention programs. The total FY 2012 budget request for CAPTA is \$97.2 million. 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.

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.

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First Focus is a bipartisan advocacy organization that is committed to making children and families a priority in federal policy and budget decisions.

For more information about First Focus's Child Welfare Portfolio visit [www.firstfocus.net](http://www.firstfocus.net), or contact Shadi Houshyar, Vice President of Child Welfare Policy ([Shadih@firstfocus.net](mailto:Shadih@firstfocus.net)).