

CONNECTED BY 25:



FINANCING

Policies and Practices that
Support Permanency
**FOR YOUTH TRANSITIONING
OUT OF FOSTER CARE**





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FOREWORD

This strategy brief is one of a series of briefs exploring strategies for financing supports and services that help foster youth make successful transitions to adulthood. It was written by The Finance Project with support from the Foster Care Work Group. The Foster Care Work Group (FCWG) is one of three work groups of the Youth Transition Funders Group (YTFG), a collaboration of foundation leaders dedicated to improving the lives of the nation's most vulnerable young people. Foundation leaders participating in the YTFG are committed to achieving a common vision—ensuring that vulnerable youth are connected by age 25 to institutions and support systems that will enable them to succeed throughout adulthood. The FCWG brings together foundation leaders with a shared interest in preparing youth in foster care for their transition out of the child welfare system and providing them pathways to lifelong economic well-being.

In March 2004, the Foster Care Work Group, with assistance from The Finance Project, created *Connected by 25: A Plan for Investing in Successful Futures for Foster Youth*. *Connected by 25* made the case for and outlined a bold agenda for foundation and government investment in helping foster youth become successful adults. An important premise of *Connected by 25* is that as public child welfare systems grapple with their mandate to provide protection for all children in their care, preparation for independence and adulthood is often given short shrift. FCWG members chose to focus specifically on preparation for economic success, recognizing that youth aging out of foster care are faced with the economic realities of self-support at a much younger age than other young adults and that economic success is associated with a number of positive life outcomes. *Connected by 25* outlined five strategies to connect foster youth to resources that would prepare them for economic success: advocating and supporting educational achievement, facilitating and creating access to workforce development opportunities, providing financial literacy education, encouraging savings and asset accumulation, and creating entrepreneurship opportunities. FCWG members recognize that an important foundation for success in all five strategy areas is connections to caring adults who can offer ongoing support and guidance to youth. Briefs in this series explore funding sources and financial strategies to support each of these critical resources.

Based on the recommendations presented in *Connected by 25*, FCWG members launched an ambitious demonstration initiative to build the capacity of communities to effectively support young people in transition. This collaborative effort began in three sites in Indiana, Florida, and California. Currently, the national *Connected by 25* initiative includes sites in Indianapolis, Indiana; Hillsborough and Brevard County in Florida; and Stanislaus, San Francisco, Solano, Fresno, Santa Clara, Humboldt, Orange and Glenn County in California. In each of these sites, funders and community leaders are coming together around the *Connected by 25* vision and crafting efforts to prepare foster youth for successful adulthood, based on the unique needs and resources in their community. This brief explores the range of partners and resources that program and community leaders can engage to support permanency for youth aging out of the foster care system. It draws on the experiences of the field and the FCWG demonstration sites and aims to further inform those efforts.



INTRODUCTION

All youth rely on relationships with family and other trusted adults for advice, support, and encouragement as they make the transition to adulthood. For youth who have experienced foster care, having permanent family relationships is even more critical for their success. The concept of permanency is relatively broad, and it means different things to different people. Permanency is both a goal to be achieved and a process that requires ongoing and deliberate planning, relationship-building and support, even after a youth is placed with a permanent family. It refers to the lifelong connections and relationships all people need in their lives. Permanency includes situations that afford legal status, such as adoption, relative guardianship, reunification, and family preservation. It also includes different forms of “relational” permanency, such as is achieved through informal adoption, permanent placement with relatives, or a close network of peers or adults who are willing to make a long term commitment to a young person’s well-being.

Most children who enter foster care achieve permanency well before they turn age 18. Yet a significant and growing number of youth, recently estimated at 25,000 per year, age out of care without permanency. These youth face considerable risks across a range of outcome measures, including health, education, and economic self-sufficiency. Among youth who age out of care, one in four will be incarcerated, more than one in five will be homeless, and four in ten will not graduate high school.¹ In contrast, youth who have a permanent and supportive relationship with an adult are more likely to be successful across a wide range of health, labor, and education outcomes.² Ensuring that older youth in foster care achieve permanency is imperative to helping them make the transition to a productive adulthood, and it is every bit as important as education and job skills to their ultimate success in life.

Child welfare leaders and program developers face several challenges in meeting the permanency needs of older youth in foster care. Many child welfare systems find it hard to balance the goal of permanency with the goals of safety and well-being. Numerous states continue to “track” children for permanency or independent living, instead of viewing these options as complementary. Moreover, policies and procedures in many child welfare systems often hinder the best efforts of workers to work towards permanency for older youth.

Child welfare leaders and program developers must also contend with significant financing challenges in promoting permanency for older youth in care. Financial disincentives often support keeping youth in out-of-home care rather than providing resources to promote permanency for them. Although no funding streams are specifically devoted to helping older foster youth achieve permanency, nearly all of the large child welfare funding sources can be used for this purpose. Yet restrictions on the ways federal funds can be used frequently drive

¹ The Pew Charitable Trusts, *Time for Reform: Aging Out and On Their Own—More Teens Leaving Foster Care without a Permanent Family* (Philadelphia, Pa.: The Pew Charitable Trusts, May 2007).

² D. Hilken Bernat and Michael D. Resnick, “Healthy Youth Development: Science and Strategies,” *Journal of Public Health Management and Practice*, vol. 12, supplement 6 (November 2006): S10–S16.

how these youth are served. Child welfare workers often provide services that are “eligible” for reimbursement through federal funds, even when those services do not meet the needs of the youth being assisted. For older youth, in particular, most of the key funding streams are used simply to maintain youth in out-of-home placements, leaving few resources for developing a permanent support network or otherwise preparing those youth for adulthood.

This brief aims to help child welfare leaders and program developers finance policies and practices that support permanency for older youth in foster care. It presents approaches for supporting permanency for older youth in care and highlights six key financing strategies state and local child welfare leaders can utilize to develop policies and practices that support permanency. The brief includes promising examples of these strategies and shares considerations for their use.



PROMISING APPROACHES FOR SUPPORTING PERMANENCY

A significant body of research has developed in recent years on what works in promoting permanency for children in foster care, particularly older youth. Promising approaches reflect the need to improve various aspects of the child welfare system, including state and local policy, contracting processes, and caseworker practice. Perhaps most importantly, child welfare leaders must work closely with staff at all levels to develop a culture that supports permanency for youth. Several approaches are suggested in the recent literature³ as well as reflected in promising practices from states, localities, and program sites:

- **bring about culture change** to support permanency for older youth;
- **align policies, procedures, and funding** to ensure they are promoting permanency for older youth; and
- **implement deliberate processes** that focus on increasing permanency for youth.

Bring About Culture Change

To reduce the number of youth aging out of care without permanency, it is imperative to create an agency culture that recognizes permanency as a key goal, along with the goals of safety and well-being, and provide training and support for caseworkers in implementing permanency practices. Specific strategies include providing customized training on permanency practices for older youth and conducting site visits to see how other child welfare systems succeed in focusing primarily on permanency. Several large child welfare systems, including those in Massachusetts and New York City, sought this culture change not only within the child welfare agency, but also in their partner organizations. In addition, current and former foster youth were tapped to help spread the message about the importance of permanency.⁴

Leadership and training must support any changes to an agency's culture to focus on permanency for older youth. Teaming strategies, where caseworkers work with the youth, family, and other important adults in the youth's life, offer important opportunities for expanding the potential network of permanency options and for bringing about an effective permanency plan. In addition, techniques such as Family Finding combine training for caseworkers on how to involve youth in developing a permanency strategy and search technologies for finding permanency options.

Align Policies, Procedures, and Funding

Even when staff and key partners identify permanency as a high priority and critical goal for older youth in foster care, barriers or disincentives built into the system often make achieving this goal difficult. The terminology for the services a youth receives can play an important role both physically and psychologically in the minds of

³ Many of the promising approaches discussed in this section are adapted from those described in a report prepared for the Annie E. Casey Foundation. See North American Council on Adoptable Children, *A Family for Every Child: Strategies to Achieve Permanency for Older Foster Children and Youth* (St. Paul, Minn.: North American Council on Adoptable Children, August 2005).

⁴ North American Council on Adoptable Children.

caseworkers. For example, some states still classify youth as in “long-term foster care” once they reach a certain age, which does little to promote permanency for the youth or prepare them for a successful transition to adulthood. Even Independent Living programs, which nearly all child welfare systems use, are frequently geared toward providing older youth with merely the basic skills to transition to adulthood. Moreover, these programs often lack any component that seeks to find permanent connections on which these youth can rely once they are no longer in care.

Many child welfare systems that rely on community-based service providers for prevention, reunification, or foster care services often have fiscal disincentives built into their payment structure that hinder or prevent older youth from achieving permanency. Providers are frequently paid based on how long youth spend in their care; the longer youth remain in care, the more funding they receive. Moreover, few public systems pay their community-based service providers to work with the birth family or ensure youth maintain contact with extended family that could serve as a permanency resource when they leave foster care. In response, some child welfare systems such as in New York City have built in incentives that encourage their contracted service providers to work with youth to foster connections and long-term permanency options. Other systems, including one in Cuyahoga County, Ohio, have incorporated incentives into their contracts with private agencies specializing in adoptions, including adoptions for older children, and have seen significant increases in permanency for these youth.

Some states are pursuing strategies to have the court system more involved in promoting permanency among older youth. These strategies include scheduling more frequent permanency reviews for youth who have been in care for a certain period, moving to a model where a single judge sees a youth for the life of a case, and cross-training court staff on permanency issues.

Implement Deliberate Processes

Child welfare leaders can also design and implement deliberate processes that promote permanency. Several states and localities have launched innovative planning processes for congregate care reduction, developed new adoption and guardianship strategies, and supported prevention and reunification efforts.

CONGREGATE CARE REDUCTION

Many states and local child welfare systems have focused on reducing the number of youth who reside in congregate care, the most restrictive level of care, as the first step toward achieving permanency for these youth. This approach typically involves identifying youth who are in congregate care and re-reviewing all cases to determine permanency options for them. It can also involve developing a criterion for selecting certain youth to review (e.g., duration of time spent in congregate care or a score reflecting level of care needed). Case reviews of older youth in congregate care facilities in Maine found that many of the youth did not require that level of care and that those youth would be better served in a less-restrictive setting, including reunifying with their family (see Making Better Use of Federal Funding: Congregate Care Reduction in Maine on page 16).

ADOPTION AND GUARDIANSHIP STRATEGIES

Making the case that older youth can be adopted and developing a clear process for achieving adoptions is another strategy state and local leaders can use. Options include hiring specialists who work on adoptions for older youth, developing media campaigns that bring the challenges of older foster youth to the public's attention, and establishing relationships with other community- and faith based institutions that can help spread the message. When adoption is not a viable option for a youth, guardianship can be considered; guardianship is particularly attractive given the federal support made available under the recent Fostering Connections legislation⁵ to pursue this option. Workers can also use search technology, such as Family Finding, to increase permanency options for these youth. Using this technology can be built into a regular process of identifying potential permanency resources for youth.

PREVENTION AND REUNIFICATION EFFORTS

While implementing processes that promote permanency for youth who are already in care is important, other strategies involve preventing youth from entering foster care in the first place. Older children who enter foster care have the lowest odds of achieving permanency,⁶ and their best chance of achieving permanency may rest on preventing them from entering care at all. Because federal funding for prevention is quite limited, state and local funding can play an important part in developing high-quality, community- and family-based prevention services. The goal of providing these services is to build a safety net around the youth, including supports and services for parents, to enable that youth to safely remain in the home and prevent out-of-home placement unless absolutely necessary.



⁵ The Fostering Connections to Success and Increasing Adoptions Act, passed by Congress in 2008, allows states to claim IV-E funding to reimburse them for the costs of providing kinship guardianship assistance. For additional information, see Key Changes to Title IV-E Authorized in the Fostering Connections Legislation, on page 15.

⁶ Ben Kerman, "Data Trends and Paths to Greater Youth Permanence" (paper presented at the 2008 National Convening on Youth Permanence sponsored by the Annie E. Casey Foundation, Casey Family Services, and Casey Family Programs, Washington, D.C., May 1–2, 2008).



STRATEGIES TO FINANCE POLICIES AND PRACTICES THAT SUPPORT PERMANENCY FOR YOUTH TRANSITIONING OUT OF FOSTER CARE

During the past decade, many state and local child welfare systems have made significant progress in reducing the number of youth in foster care. However, challenges remain in working with older youth in care who face the possibility of aging out without permanent family-like relationships in their lives. To address this challenge, child welfare leaders and program developers need to develop financing strategies that can support best practices in achieving permanency for older youth.

Child welfare administrators and practitioners can use the following six financing strategies to support efforts to promote permanency for older youth:

1. maximize and make the best use of federal child welfare resources;
2. maximize other federal funding sources;
3. create public-private partnerships;
4. make better use of state and local funding;
5. restructure financial incentives and payments to private providers; and
6. coordinate with other agencies and systems.

Strategy 1: Maximize and Make the Best Use of Federal Child Welfare Resources

No federal funding streams are specifically devoted to helping older foster youth achieve permanency, but nearly all the large child welfare funding sources can be used for this purpose. The key federal funding sources for child welfare include Title IV-E and Title IV-B, both authorized under the Social Security Act. Importantly, much of the federal child welfare funding that currently supports maintaining children in foster care placements can be redirected to more deliberate permanency efforts. More specifically, both Title IV-E and Title IV-B can be used for targeted services, planning efforts, and training aimed at supporting permanency for older youth.

The Fostering Connections to Success and Increasing Adoptions Act, passed by Congress in 2008, will also expand the use of Title IV-E funding for chil-

dren in foster care in an effort to improve permanency outcomes for youth. Among the changes in the law that are aimed at promoting permanency is the ability to use Title IV-E funding to support guardianship placements; guardian placement is a key permanency alternative for older youth (see Key Changes to Title IV-E Authorized in the Fostering Connections Legislation on page 15).

Title IV-E

Title IV-E is the largest federal funding source for child welfare services, accounting for roughly half of all federal child welfare resources.⁷ It is also an entitlement, which means states are reimbursed for the federal share of eligible services they provide and no limit exists on the number of children who can be served with the funding. States claim Title IV-E funds

⁷ Madelyn Freundlich et al., *Child Welfare Financing 101* (St. Paul, Minn.: North American Council on Adoptable Children, March 2007).

for children in foster care, based on specific eligibility criteria. Not all children served in foster care meet all the federal funding requirements for Title IV-E, so the state or locality must pay all of the costs of these children. For IV-E-eligible children, states pay a proportion of the total costs that is based on their Federal Medical Assistance Percentage (FMAP), which ranges from 50 percent to 83 percent.

Title IV-E funds are made available through four programs: the Foster Care Program, the Adoption Assistance Program, the Chafee Foster Care Independence Program, and the Guardianship Assistance Program.

FOSTER CARE PROGRAM

The Foster Care Program reimburses states for the following costs: maintenance payments for children in care intended to cover their food, shelter, and clothing costs; placement and administrative costs; and training for child welfare staff and for foster parents. Both administrative funds and training funds can support efforts to promote permanency for older youth.

Administrative funds account for the largest share of Title IV-E funding, totaling approximately \$2.5 billion in fiscal 2004. Federal funds pay 50 percent of administrative costs for eligible children, with state and local funding covering the remaining costs. Administrative funds support most of the regular case management functions that caseworkers perform. This could include meetings to develop a permanency plan that bring together key adults in the youth's life, including adults identified by the youth such as family members, former neighbors, or family friends. Administrative funds can also be used to search for relatives and to identify and refer youth to existing programs or supports that may help identify other permanency resources. Once a state or locality purchases software such as

that used in Family Finding, or a different search software, staff time used to identify and meet with relatives can be billed for IV-E-eligible youth (see *Using Technology to Identify Permanent Connections for Youth: Family Finding in Stanislaus County, California* on page 18).

Training funds can be used for specialized training and practice development efforts to improve permanency practice among staff agency wide. Techniques for working with older youth include targeted adoption, teaming efforts, and permanency planning.

ADOPTION ASSISTANCE PROGRAM

Adoption Assistance payments are a critical component in helping to promote permanency for older youth. They provide financial support to families to help offset some of the costs of caring for youth who have been in foster care, including therapeutic and mental health services. Adoption Assistance payments reimburse states for payments to adoptive parents for eligible children; administrative costs; training for adoptive parents; and other expenses associated with the adoption process, including court costs and attorney fees. The payments are negotiated between the child welfare agency and the prospective adoptive parents to cover the costs of meeting the special needs of the child.

Administrative costs for adoptions, including finding adoption placements, conducting home searches, and preparing for court hearings are all reimbursable under the administrative funding provided by Title IV-E at a rate of 50 percent. Training for adoptive parents is also reimbursable under Title IV-E, but at a higher rate of 75 percent.

CHAFEE FOSTER CARE INDEPENDENCE PROGRAM

Chafee is the only federal funding source that is specifically focused on youth transitioning from foster care. Federal funding requires a 20 percent

match, and it can be used for housing, education, basic skills, employment training, and certain health needs. Under Chafee, education and training vouchers are also available to eligible youth to help pay for college or job training programs. Notably, changes made through the Fostering Success legislation will expand Chafee funding to youth who leave care through either guardianship or adoption after their 16th birthday.

GUARDIANSHIP ASSISTANCE PROGRAM

This program was created as part of the newly enacted Fostering Connections legislation. The program aims to increase permanency for youth by allowing states to use Title IV-E funding to support kinship guardianship placements for eligible children leaving foster care. States that exercise this option as part of a state plan amendment can claim Title IV-E on behalf of eligible children for kinship guardianship assistance payments (based on their FMAP rate), general administrative costs (50 percent reimbursement), and related training costs (75 percent reimbursement).

Child welfare leaders can pursue several approaches to maximize and make better use of Title IV-E funding. They can increase penetration rates, make better use of training funds, and redirect administrative funds to support permanency.

INCREASE PENETRATION RATES

For children determined eligible for IV-E services, the state or locality is reimbursed for specific allowable costs associated with serving those children, as included in their Reimbursement Plan. Determining a child's eligibility is the function of the eligibility specialist at the state or local level, and is determined by information provided by the child or family's caseworker. While state and local leaders cannot change the eligibility rules, they do have a role in developing

an effective eligibility determination process. Even states with similar populations of low-income children can vary significantly in this regard and, as a result, some states are losing a significant amount of funding for which they are eligible. A 2007 survey of states found that the penetration rate for Title IV-E varied from below 30 percent (two states) to above 70 percent (four states).⁸ Child welfare leaders can use several strategies to improve their processes for determining IV-E eligibility where families cannot provide income information and, in turn, increase IV-E revenues, including:

- engaging the resources of the court system to help determine eligibility;
- developing eligibility units with specialized workers with detailed knowledge of eligibility rules to relieve some of the pressure on casework staff; and
- tracking groups of children who are in the process of becoming eligible; for example a child placed with a relative caretaker who has applied to become licensed.

MAKE BETTER USE OF TRAINING FUNDS

Significant opportunities exist for state and local child welfare systems to make better use of IV-E training funds in order to promote permanency for older youth. Currently, many states offer only limited training to line staff or supervisors in child welfare agencies, and the available training is not necessarily focused on strategies to achieve permanency. Examples from states and localities with system-wide efforts to engage line staff and promote a culture supportive of permanency for older youth reveal the importance of specialized training for workers on permanency. Recent changes to Title IV-E authorized in the Foster Connections legislation will also allow for training costs for private agency workers to be partially reimbursed through Title IV-E training funds.

⁸ Cynthia Andrews Scarcella, Roseana Bess, Erica H. Zielewski, and Rob Geen, *The Cost of Protecting Vulnerable Children V: Understanding State Variation in Child Welfare Funding* (Washington, D.C.: Urban Institute, May 2006).

REDIRECT ADMINISTRATIVE FUNDS TO SUPPORT PERMANENCY

Under the right conditions, caseworkers could spend more of their time that is reimbursed through IV-E focused on helping older youth identify important adults in their life and providing support for healthy relationship building. Permanency focused casework can include activities such as creating a permanency team for a youth, and spending time with a youth to focus on identifying extended family or other important connections. When implementing changes in policy and practice to focus more deliberately on permanency, child welfare administrators need to revisit their IV-E reimbursement plan to ensure permanency-related activities are adequately built into that plan.

Title IV-B

Title IV-B is one of the most flexible funding sources for state and local child welfare systems, and it can

be used for various preventive and postplacement services that promote permanency for older youth. One important aspect of IV-B funds is that they can be used to support youth who are at risk of entering foster care, as well youth who are reunified with parents or other family, services that are not allowable under Title IV-E.

Older youth who enter out-of-home care face formidable barriers to achieving permanency, particularly those coming into care after age 15. Consequently, providing supports to the family to help safely maintain those youth in the home can significantly increase their chances of achieving permanency. Also, most children confirmed to be victims of maltreatment never enter the foster care system, and only half of these have received any kind of child welfare services. Title IV-B funding, combined with other state and federal dollars, is critical to serving this population.⁹

Title IV-B has two parts. The first part, Child Welfare Services, provides funding for abuse and neglect prevention services, in-home family support services, support to adoptive families, and certain training and development services. The second part, Safe and Stable Families, provides funding for family preservation, adoption promotion and support, and time-limited family reunification services. States must provide a 25 percent match for funds provided under both parts of Title IV-B.

CHILD WELFARE SERVICES

These discretionary funds are allocated based on the relative share of a state's population that is below age 21 and the state's per-capita income. Funds can be used to support various prevention and reunification services, including services provided to the family and in the home, such as family therapy, group ther-



⁹ Steve Christian, *The Changing Landscape of Federal Child Welfare Financing: A Primer for Policymakers* (Denver, Colo.: National Conference of State Legislatures, December 2006).

Key Changes to Title IV-E Authorized in the Fostering Connections Legislation

The Fostering Connections to Success and Increasing Adoptions Act was signed into law in October 2008. The law makes significant changes to Title IV-E funding, including changes affecting the permanency of older youth in foster care. The new provisions afford states a significant opportunity to improve the likelihood that their older youth in foster care achieve permanency and are better prepared to make the transition to adulthood.

The legislation:^a

- allows states to claim IV-E funding to reimburse them for the costs of providing kinship guardianship assistance;
- provides partial reimbursement to states that want to provide services to foster care youth until age 21;
- delinks IV-E adoption assistance eligibility from the old Aid to Families with Dependent Children (welfare) requirements, thereby expanding overall expenditures;
- expands the eligible population who may receive training that is federally reimbursed under Title IV-E to include private agency child welfare workers, relative guardians, and certain court personnel;
- includes a new requirement for a youth-driven transition plan 90 days prior to emancipation; and
- creates new discretionary grants, including Family Connection Grants, that can help support kinship navigator programs, family group decision-making meetings, and other family finding efforts.

The federal government recognized the benefits of using kinship or guardianship care as a permanency option for youth and began issuing waivers to 11 states to provide subsidized kinship care beginning in 1997. Between 1997 and 2002, the Illinois' waiver program enabled more than 7,000 children to achieve permanency and saved millions of dollars in foster care costs.^b Other states, including California, have used state funding to help subsidize kinship care and have also seen an increase in the number of children leaving foster care for permanent placements with relatives, many of whom later adopted those youth. By recognizing the value of using relatives as a permanent resource for youth and by allowing the use of Title IV-E funds to help subsidize the cost of supporting those placements, states will now be expected to significantly reduce the number of youth aging out of care without permanency.

Building off the experiences of several states that already provide foster care services to eligible youth until age 21, the Fostering Connections legislation allows states to use Title IV-E foster care maintenance payments to support youth who remain in care—or who leave care because of adoption or guardianship placement—so long as those youth are in school, are working, or are in a recognized training program. For states currently using state funds or Medicaid funds for this purpose, an opportunity exists to significantly expand offerings to youth transitioning from foster care.

Notes

^a Emilie Stoltzfus, *Child Welfare: The Fostering Connections to Success and Increasing Adoptions Act of 2008: CRS Report to Congress*, Order Code RL34704 (Washington, D.C., Congressional Research Service, October 9, 2008).

^b North American Council on Adoptable Children.

Making Better Use of Federal Funding: Congregate Care Reduction in Maine

To improve permanency outcomes for older youth, Maine looked to reduce its reliance on long-term congregate care placements through focused efforts that included changing case practice, leveraging data, and reinvesting funding. In 2001, the Maine Office of Child and Family Services developed a strategic plan to engage stakeholders, revise policies to align with the goal of “a family for every youth,” and develop capacity to serve youth in their homes and community as an alternative to residential care. To accomplish these goals, the agency began service planning, adopted a family team meeting practice, and looked at coordination with other agencies that serve children.

The initial support for the initiative was provided through a mix of foundation funding and technical assistance. Through the Annie E. Casey Foundation’s Strategic Consulting Group, the agency received funds to provide staff training and institute family team meetings facilitated by a caseworker or even by the foster youth themselves. These youth-centered meetings can include a youth’s family and/or identified system of support, such as his or her neighbor, minister, or teacher. They can take place immediately following a youth’s entry into the foster care system, when a case plan is developed, or when a change occurs in his or her case plan. Agency staff also received technical assistance from researchers at the University of Chicago’s Chapin Hall Center for Children. The researchers helped agency staff to analyze foster care data in a way that supports better program decision-making. As the initiative has grown over time, the state has been able to sustain its success by redirecting existing federal and state funding (including Title IV-E), and reinvesting savings from congregate care reductions to support these permanency efforts.

Using data more effectively has been key to many of the strategies Maine has developed as this work has progressed. Standards were developed for residential care and were reinforced through performance-based contracting and policy changes. Data reports showed how youth were entering and exiting foster care and

apy, respite care for parents, permanency team decision making, and crisis intervention.

SAFE AND STABLE FAMILIES

This funding can also be used to provide various services to youth who are at risk of entering foster care and those who are reunifying with their parents or other family members. Reimbursable services include community-based family support, family preservation, adoption promotion, and family reunification. For older youth at risk of entering out-of-home care, states can use these funds to provide in-home services, including crisis prevention services,

that can help build a safety plan for the youth and help prevent placement. The funds can also be used flexibly to help ease the transition when older youth are reunited with their parents.

Considerations

- State leaders’ ability to claim IV-E administrative funds may depend, in part, on the cost allocation plans they have developed. States should review these plans to ensure they adequately reflect caseworker time devoted to permanency planning. By doing so, states may be able to claim more Title IV-E funding for administrative activi-

were shared widely with agency caseworkers, who became more accountable with newly created performance measures that tracked data down to the individual work unit. In addition, a single system of prior authorization was developed so a young person did not enter residential care unless first reviewed by a team with the same set of criteria to determine if that level of care is necessary. Once a youth entered care, an ongoing utilization review process was employed to avoid prolonging unnecessary institutional care.

The results and cost savings from these data-driven permanency strategies are significant. Maine has reduced the number of young people in residential care from 770 youth (28 percent of the foster care population) in 2004 to 240 youth (11 percent of the foster care population) in 2009. Maine uses Medicaid and state dollars to fund residential care, so the reduction in caseloads produces cost savings in both funding streams. Approximately \$2.5 million is saved annually by shifting work contracted out to private agencies to public child welfare staff (due to decreased caseloads). Overall, more than \$21 million was saved between fiscal 2005 and fiscal 2008 due to the ongoing decrease in the use of residential and treatment foster care services.

Maine has effectively retooled the child welfare budget in a way that promotes permanency by shifting funding away from congregate care and towards additional home and community-based services. Advocates were also able to convince the state legislature to reinvest \$4 million of cost savings annually from reductions in residential care into high-fidelity wrap-around services. The Maine Office of Child and Family Services is able to sustain its strategies at low or no cost by adopting an internal train-the-trainer approach and using ongoing federal and state child welfare funding, including Title IV-E funds.

For more information, contact Dan Despard, Maine Office of Child and Family Services, at 207-624-7950 or Daniel.R.Despard@maine.gov.

ties that promote permanency, including case management that supports prevention and family reunification.

- When investing limited Title IV-B dollars in prevention and family reunification services, it is critical to look at what has worked in other states and communities. Several programs have proven successful in preventing out-of-home placement of youth who were at risk of entering foster care. These programs identify and leverage family strengths and utilize formal and informal resources in the community to address family

problems.¹⁰ Other programs have proven effective in reunifying youth with their families. These programs share common elements including using family engagement strategies, providing parent mentors and advocates, providing flexible, targeted services to families, and supporting intensive family visitation; such activities can be funded through Title IV-B.

- Chafee funding is the only dedicated funding source for older foster youth and is a particularly flexible revenue source. This funding should be targeted to fill gaps in promoting permanency

¹⁰ Madelyn Freundlich, *Time for Reform: Investing in Prevention: Keeping Children Safe at Home*, (Philadelphia, Pa.: The Pew Charitable Trusts, 2007).

Using Technology to Identify Permanent Connections for Youth: Family Finding in Stanislaus County, California

Family Finding programs provide child welfare workers with search and engagement methods to help youth transitioning out of the foster care system establish and maintain enduring connections with adults and family members. These programs help expand potential permanency options for youth by helping to locate kin and extended family who could serve as potential adoption or guardianship placements for youth; or at a minimum become an informal long-term permanency resource for the youth. Many states and localities are adopting or planning to implement such a program.¹¹

Stanislaus County, California began employing their Family Finding model in June 2003 when their staff received a six-month series of trainings with Kevin Campbell through the California Permanency for Youth Project. In Stanislaus County, the process begins when a young person enters the foster care system. In addition to the primary caseworker, a permanency specialist is assigned to each case and regularly convenes Lifelong Connection meetings to discuss permanency options. These meetings are required at key points throughout the time a youth resides in foster care. For example, the permanency specialist sits in at all Emancipation Team decision meetings, which are mandatory before the foster youth exits the system. The same specialist is responsible for providing case information to a data systems specialist, who conducts the relative search for the youth, and for reaching out to family members who are located. The permanency and data systems specialist positions are supported by child welfare agency dollars and the Family Finding staff are supported by federal, state, and county funding sources.

The county's Youth Connections Database was created internally to track the identification of family members and other information on permanent connections generated through interviews with the young person. Social workers also have access to the database and can check whether a search has been completed or conduct updated searches as necessary. As of 2008, 100 percent of Stanislaus County youth who entered care completed a connections search, with an average of 19 to 35 individual connections identified per youth. Seventy percent of the youth interviewed by a permanency specialist and entered into the database were able to identify one or two lifelong connections as a result of the search.

For more information, contact Nenita Dean, Stanislaus County Child and Family Services Division, at 209-558-2348 or deanne@stancounty.com.

- among older youth, especially where other federal or state funding is restricted.
- The Fostering Connections legislation affords states access to Title IV-E funding to provide services and support to children in foster care,

kinship placement, or an adoptive home until age 21. State leaders should seize this opportunity to help ensure older youth have lifelong relationships when they leave care.

¹¹ The Family Finding model, developed by Kevin Campbell, uses methods and strategies to locate and engage relatives of children living in out of home care. The goal of family finding model is to provide each child with the life long connections, in particular with family members. The information provided in this example is only one example of how the model is being applied in a particular community, and may differ from the original model.

Strategy 2: Maximize Other Federal Funding Sources

Several other federal funding streams can be used to support efforts to promote permanency among older youth in foster care or at risk of entering foster care. The three largest are Temporary Assistance for Needy Families (TANF), Medicaid, and the Social Services Block Grant (SSBG).

Temporary Assistance for Needy Families

Temporary Assistance for Needy Families is a federal block grant that states can use for child welfare services so long as the services are aligned with any of the program's four goals: 1) assisting needy families so children can be cared for in their own homes; 2) reducing the dependency of needy parents by promoting job preparation, work, or marriage; 3) preventing out-of-wedlock pregnancies; and 4) encouraging the formation and maintenance of two-parent families. States spent an estimated \$2.4 billion in TANF funding on child welfare services in 2004, making it second only to Title IV-E as a source of federal funding for child welfare.¹² To use TANF to promote permanency for older youth, child welfare leaders will likely be most successful in framing these efforts as aligned with the first goal, which promotes using preventive services to help maintain children in their home and avoiding the use of out-of-home care.

TANF can be particularly valuable in supporting permanency for older youth because of its relative flexibility in supporting prevention and reunification efforts (see *Directing TANF Funds to Family Reunification in Michigan* on page 21). In a 2004 survey of child welfare leaders, states reported using TANF funds to pay, for example, for in-home and crisis

intervention services, prevention services, and family and group counseling. Research also suggests that states are using TANF for services that are critical to promoting permanency but are not otherwise reimbursable through other federal funding streams, including Title IV-E. States can use TANF not only to provide prevention services, but also to support permanency through guardianship placements. Although funding cannot be used directly for subsidies to guardian families, it can be used for other services that support guardianship placements, including afterschool services, family and group therapy, flexible funding for families, respite care, special day camps, and various wrap-around services.

Medicaid

Medicaid is another important nondedicated funding source for older youth in foster care, accounting for roughly \$1 billion in child welfare services funding.¹³ Medicaid dollars are typically used to pay for rehabilitative services, early and periodic screening, diagnosis and treatment (EPSDT), and, until recently, targeted case management.¹⁴ The Federal Medicaid Assistance Percentage (FMAP) covers from 50 percent to 83 percent of the cost of eligible children, and states are reimbursed for their costs of providing eligible services as defined in their state Medicaid plan. For children who are eligible for Medicaid, states can get reimbursement for several therapeutic and treatment services, similar to those paid for using Title IV-B funds and including family therapy, group therapy, individual therapy, and behavioral and mental health treatment. Many of these services could include a component that deals with identifying and working through permanency issues. However, most of the administrative functions performed

¹² Scarcella et al.

¹³ Ibid.

¹⁴ Recent changes to federal guidelines may prevent states from billing Medicaid for targeted case management for children in foster care. A final ruling on the issue is currently delayed until June 30, 2009.

by caseworkers that would support permanency, including case planning reviews and permanency planning meetings, are not billable to Medicaid.

Medicaid is an important resource for youth who are adopted, and for their adoptive parents, in easing the transition back into the home. The program can be used to pay for many therapeutic services, mental health services, and behavioral health services needed to relieve some of the financial burden for adoptive parents. All states may use Medicaid for their IV-E-eligible special needs youth, while non-IV-E-eligible youth may receive Medicaid funding if so stated in their adoption plan.

For transitioning-age youth, the Chafee Foster Care Independence Act provides states with the option to extend Medicaid coverage for children in foster care to age 21. As of 2007, 17 states had acted to extend Medicaid coverage to youth aging out of foster care through this option, and several other states do so through other options within their existing Medicaid plan. Again, though not specifically targeted to supporting permanency, allowing a youth to continue his or her health care coverage under Medicaid can help provide stability in the youth's life and can help cover important costs that may otherwise dissuade a family member from becoming a permanent resource for that youth.

Social Services Block Grant

Social Services Block Grant funding can also be used to support youth transitioning out of foster care. Similar to TANF, SSBG is a block grant program that can be used for a wide range of services for children and families, including services for youth in the child welfare system. SSBG can be used

to provide services to youth in foster care and to support permanency through prevention, reunification, and adoption assistance services. States use SSBG funding, in part, to help supplement various preventive and after-care services that are not reimbursable through Title IV-E or Medicaid. SSBG can also be used, similar to TANF or Title IV-E administrative funds, to support many of the case planning efforts used to promote permanency, including permanency planning meetings, relative searches, and support groups for biological and foster parents.

Considerations

- TANF and SSBG are not specifically dedicated to child welfare services, so states vary widely in their use of such block grants for these services. Some states do not allocate any of their TANF or SSBG funds for this purpose. Accessing and continuing to make the case for using block grants to support older youth in care can be a challenge for child welfare administrators, because many other initiatives compete for this funding. Child welfare leaders should work collaboratively with other state agencies to determine how best to allocate this funding for at-risk youth and families, including supporting the permanency needs of older youth in care.
- State and local child welfare leaders should review whether the provider agencies with which they contract are Medicaid-certified—meaning they can bill Medicaid for eligible services. Moreover, provider agencies should consider the benefits of becoming Medicaid-certified, given this will likely make their services more affordable and, therefore, more attractive to their public agency clients.

Directing TANF Funds to Family Reunification in Michigan

The Michigan Department of Human Services (DHS) directs approximately \$3 million in federal Temporary Assistance for Needy Families funding to its Family Reunification program. The Family Reunification Program (FRP) works to adequately prepare families for the transition that occurs when a child or youth is placed in a home after leaving the foster care system. To maximize placement success, families receive case management, solution-focused behavioral interventions, assessment, 24-hour service availability, in-home services, and flexible funds for four to six months after placement. By providing these wrap-around services in the home, Michigan increases the chances for achieving successful reunification and maintaining critical permanency resources for these children.

Through a contract bidding process conducted every three years, DHS foster care workers refer cases to private agencies in each county. In the counties that have FRP, DHS foster care workers can refer cases to the private agency. Each county has a certain number of teams assigned to it, based on its foster care placement success rate; a team consists of a supervisor, a team leader, and two caseworkers. When a reunification of a child or youth is planned, DHS makes the referral to the private agency, which assigns a caseworker to provide intensive case management for up to six months and follow-up sessions at six and 12 months. Workers are available up to 10 hours per day for the first two weeks; this is followed by four to eight hours at the home on an intensive basis.

Parents are prepared for reunification through monthly workshops on different topics, including age-appropriate behavior, parenting skills, discipline, and safety issues. Staff can also begin training, planning, and preparation with the family up to 30 days prior to reunification. Transportation is offered to promote access to the workshops and, as part of the contract, the agency also provides an average of \$300 of flexible funds to help families purchase furniture items, bedding, or clothing for children. After reunification, caseworkers work with the family to discuss nutrition, family activities, and involvement with schools, all of which assists with the transition process.

Through the creative use of TANF funding, the state is able to provide these intensive prereunification and postreunification services, ultimately improving permanency outcomes for youth. These efforts can also help reduce the cost of long-term foster care.

For more information, contact Cheryl Henry, family preservation specialist, Michigan Department of Human Services, at 517-241-7358 or henryc@michigan.gov.

Strategy 3: Create Public-Private Partnerships

The success of a child welfare system depends, in part, on engaging in effective partnerships with multiple agencies and organizations outside of government, including community groups, education institutions, faith-based institutions, employers, private philanthropic organizations, and, most importantly, families and youth.¹⁵

Involving Philanthropic Organizations

Philanthropic organizations can play an important role in promoting practices and policies that support older youth in care (see *Using Private Philanthropy to Promote Permanency: A Funder Collaboration* on page 23). Private funders can support initiatives aimed at finding permanency for older youth and provide technical assistance to child welfare leaders and program staff on developing policies or implementing practices that support such permanency. They can also support advocacy efforts to promote permanency, including public campaigns that communicate the importance and benefits of adopting older youth.

Involving Volunteers

Volunteers can play an important role in helping identify and possibly expand permanency options for youth and in helping youth consider those options. Organizations formed on college campuses can provide mentoring opportunities for older youth who are transitioning to college or are considering doing so. Religious organizations in communities where foster children live can impart needed cultural competency in working with youth of different races and ethnicities. States and localities can also tap national or regional groups focused on promoting perma-

nency for foster youth, including those composed of current or former foster alumni, such as Foster Care Alumni of America.

Court appointed special advocates (CASAs) serve an important function in many child welfare systems nationwide. They illustrate the roles that dedicated volunteers can play in promoting permanency with the proper training. These individuals are appointed by the courts to represent children who are involved in juvenile court proceedings and children who are in, or who are at risk of entering, foster care. Given the large caseloads that many caseworkers carry and the strain on public defender attorneys who often represent many juveniles in child welfare cases, CASAs are uniquely positioned to advocate for youth. For older children, CASAs can help ensure that permanency planning is occurring and can help inform caseworkers of potential permanency links that a youth may share in conversation. Judges often rely on the insights of CASAs because they are a neutral party to the case and may be in more frequent contact with the youth than either the attorney or the caseworker. In the past year, some 60,000 CASA volunteers helped advocate for 240,000 children.¹⁶

Involving Youth and Families

Families and youth in foster care are often the best source of information on challenges to permanency and ways to meet those challenges. State and local child welfare leaders should seek the expertise and direction of such families and youth when crafting ideas and initiatives to improve permanency. Strategies include developing youth-led advisory groups or councils that work with policymakers and practition-

¹⁵ Nanette Relave and Sharon Deich, *A Guide to Successful Public-Private Partnerships for Youth Programs* (Washington, D.C.: The Finance Project, January 2007).

¹⁶ The Pew Charitable Trusts, *Time for Reform: Aging Out and On Their Own—More Teens Leaving Foster Care without a Permanent Family* (Philadelphia, Pa.: The Pew Charitable Trusts, May 2007).

Using Private Philanthropy to Promote Permanency: A Funder Collaboration

The Foster Care Work Group is one of three work groups of the Youth Transition Funders Group (YTFG), a collaboration of foundation leaders dedicated to improving the lives of the nation's most vulnerable young people. Foundation leaders participating in YTFG are committed to the common vision of ensuring that vulnerable youth are connected by age 25 to institutions and support systems that will enable them to succeed throughout adulthood. In 2004, the Foster Care Work Group released *Connected by 25: A Plan for Investing in Successful Futures for Foster Youth*. *Connected by 25* called for foundation and government investment to help youth in foster care become economically successful adults. It outlined the following five strategies to connect youth in care to resources for economic success: advocate and support educational achievement; facilitate and create access to workforce development opportunities; provide financial literacy education; encourage savings and asset accumulation; and create entrepreneurship opportunities.

The Foster Care Work Group members launched an ambitious co-investment enterprise to build the capacity of communities to effectively support young people in transition. This collaborative effort includes co-investment sites in Indianapolis, Indiana; Hillsborough and Brevard Counties in Florida; and Stanislaus, San Francisco, Fresno, Santa Clara, Humboldt, Orange, Solano and Glenn Counties in California. In each of these communities, funders and community leaders are coming together to achieve the *Connected by 25* vision and are shaping efforts to prepare foster youth for successful adulthood, based on the unique needs and resources in their community.

Funding supports a wide range of activities, including workforce development programming, educational supports, financial literacy, and permanency strategies for youth who are transitioning out of foster care. In the case of California, private funding is blended with funds from the public system to enhance and expand a wide range of strategies, including hiring permanency coordinators and organizing trainings on permanency issues and strategies for older youth. The focus of the Florida *Connected by 25* initiative is to enable communities to design a unique approach to better serve their at-risk youth populations and to maximize the resources surrounding these populations. *Connected by 25* Indianapolis, a project of United Way of Central Indiana, was formally launched in spring 2008. It is focusing on the direct services areas of education, employment, financial development, and mentoring. Systems reforms such as improved services coordination and adoption of evidence-based practices are other areas of focus. For more information, see www.financeproject.org/special/practice/fcwg.cfm.

Building Awareness and Promoting Partnerships: California Permanency for Youth Project

The California Permanency for Youth Project (CPYP), a project of the Public Health Institute, strives to increase awareness of and highlight the need for permanency among child welfare agencies, legislators, and judicial officers. CPYP offers training and technical assistance to public agencies and their community partners to implement effective permanency strategies in California counties. The project began in January 2003 with a three-year grant from the Stuart Foundation, which continues to provide private funding for CPYP through 2009. The project also receives funds from the Walter S. Johnson Foundation to assist its work. State and local partners are currently engaged in conversations about how to sustain CPYP strategies after the project's funding cycle comes to a close at the end of 2009.

CPYP has offered technical assistance to 20 county child welfare sites in California since 2003. As part of its work, CPYP emphasizes the need to change the culture, attitudes, and beliefs of agencies and social work staff to overcome barriers to permanency. CPYP consultants partner with the county and provide them with on-site technical assistance and training one to two times per month, in addition to phone and e-mail support, during the partnership period. CPYP also facilitates and shares costs to provide training on family finding and engagement, as well as grief and loss work, from national leaders in the field. Each county is asked to conduct a self-assessment beforehand and ultimately develops a plan outlining specific steps to achieve greater permanency outcomes particularly in the areas of partnerships, youth involvement, and integration with other programs and services. The results from CPYP efforts are evident through the outcomes of their project study group, which focused on 120 youth across 10 counties who did not have and were not likely to form permanent connections. In 2008, 47 percent of these youth were reported to have improved sibling relationships and 75 percent of them developed a permanent connection.

Initiated by CPYP, the California Permanency for Youth Task Force is an example of how a broad group of stakeholders can collaborate to achieve the common goal of permanency. The Task Force includes representatives from public and private organizations, former foster youth, and funders, who work together to facilitate collaborations between public and private agencies, identify and overcome barriers to permanency, and promote advocacy efforts throughout the state. In addition, funding received in November 2003 from the Walter S. Johnson Foundation enabled CPYP to develop a workgroup structure to address partnership issues related to youth permanency and child welfare in three areas: juvenile courts, group homes, and adoption or foster family agencies. The three workgroups met several times in 2004 and 2005 to identify ways to combine efforts with the child welfare system to improve permanency outcomes for young people. Final recommendations were developed and disseminated to state, court, and county entities via the California Permanency for Youth Task Force, and can be found on the CPYP website.

For more information, contact Robert Friend, director, California Permanency for Youth Project, at 510-268-8783 or refriend@sbcglobal.net; or see www.cpy.org/description.html.

ers on informing policy and processes (see Building Awareness and Promoting Partnerships: California Permanency for Youth Project on page 24).

Child welfare leaders are often surprised by some of the changes that can be made at little or no cost and that can make a significant difference in how youth feel they are treated by the system. Consequently, when youth feel they are respected and their voice is heard, they are often more open to seeking long-term solutions such as permanency, which may otherwise be a very difficult subject to broach.

Considerations

- Private foundations can be important partners in efforts to promote permanency by investing in gaps in the system that cannot be funded with public dollars as well as by providing technical assistance support.
- Court appointed special advocates and other volunteers can be valuable partners in ensuring youth are represented in court and at permanency planning meetings. They can also play a key role in advocating for services for youth, including higher education and workforce training opportunities.
- Youth are powerful advocates for their own permanency and have enormous expertise that should be tapped. Providing leadership training opportunities or developing supportive structures to encourage youth to share their ideas and perspectives are good strategies to tap their potential. Former foster youth can call on state and local policymakers to provide additional opportunities for foster youth and can help build support networks for foster youth (e.g., on college campuses).



Strategy 4: Make Better Use of State and Local Funding

State and local resources account for about half of all child welfare funding. These dollars are used to provide basic child welfare services, meet federal matching requirements, and fill gaps for services where federal funding is not available. This source of funding also affords considerable flexibility to address permanency for older youth in foster care (see Using State Funds to Fill System Gaps: California's Kin Guardianship Assistance Payment Program below). Strategies for making better use of state and local funding to support permanency for foster youth

include using funds to support prevention and after-care, coordinating funds to increase overall impact, and using data to inform decisions about investments of state and local funds in youth permanency.

Providing Prevention and After-Care Services

Youth ages 14 to 16 represent 25 percent of new entrants into foster care, and these youth find it harder to achieve permanency once they enter care. Consequently, it is critical that child welfare systems

Using State Funds to Fill System Gaps: California's Kin Guardianship Assistance Payment Program

Legal subsidized guardianship offers family members an opportunity to assume legal responsibility and care of a child, thereby increasing permanency options for youth. Started in 2000, California's Kin Guardianship Assistance Payment Program (Kin-GAP) is funded with more than \$118 million in state funds from the California Department of Social Services. It aims to reduce the number of children placed in out of home care and stabilize placements of children with relatives. Kin-GAP initially provided a subsidy equal to the basic foster care rate to eligible relatives to take legal custody of a young person in the foster care system. The program was expanded in 2006 to include probation youth and increase benefits to cover clothing allowances and specialized care increments, items previously lost to caretakers after moving to Kin-GAP.

In addition to moving children and youth to permanency more quickly, subsidized guardianship can save the state money in the long run. As of 2008, more than 12,000 children in California have exited the foster care system to more permanent Kin-Guardianship placements, with declining numbers moving to the program every year. The decrease is due to fewer youth in the foster care system and their faster transition through the system.

California also instituted a Kinship Support Services Program (KSSP) to serve relatives who serve as either legal guardians, or as informal placements to youth, to reduce the number of children entering the system. KSSP offers case management, advocacy, training, activities, and legal and housing assistance. KSSP is funded with \$4 million in state funds and is available in 20 of California's 58 counties.

For more information, contact the California Department of Social Services, Kinship Care Policy and Support Unit at 916-657-1858.

maintain these youth in their home whenever it is possible and safe to do so. Most federal funding is available only after youth enter foster care and while they remain in care, however, so states typically must pick up the tab for most prevention, reunification, and after-care services. Effective prevention and reunification programs often require intensive in-home services. They may also involve providing care even when the youth or family is no longer on the caseload or court docket, which makes it difficult to use federal funding and highlights the importance of state, local, and private funding.

Although Title IV-B is a critical source of funding for permanency because of its focus on preventing out-of-home placement and supporting reunification, to be effective states and localities must supplement this funding with other federal, state, local, and private dollars.¹⁷ Child welfare leaders must often make a cost-benefit decision regarding the amount of state or local dollars to invest in prevention and family preservation services and the resulting benefit that accrues through higher permanency rates and lower out-of-home costs. Some states and localities have developed pilot programs to determine whether increased investments targeted to prevention services can decrease overall child welfare costs.¹⁸

Coordinating State and Local Funding

In states where child welfare systems are state-administered and locally operated, a mix of federal, state, and local funding is relied on to provide services. This scenario can create administrative challenges in coordinating various funding streams. Some states are meeting these challenges by providing funding through locally administered boards or other coordinating bodies. States such as Maryland have created local management boards to help coordinate funding received at the local level for a

variety of services, particularly for at-risk families and youth, including older youth in foster care.

The Virginia Comprehensive Services Act was developed in response to a legislative report showing the high number of youth being served by multiple agencies with little or no coordination across agencies (see *Pooling Funds Across Agencies: The Virginia Comprehensive Services Act* on page 28). The law calls for pooling funding from eight state agencies (\$389 million in 2008) to serve high-risk youth in a more seamless way, and it is focused on providing community-based services to youth and their families. Each locality has a Family Assessment and Planning Team, composed of representatives from each agency, which meets with the family and provides assessment and referral services. Services are paid for out of the pooled funding, which includes a state and local match.

These efforts to pool funding through local coordinating bodies helps put decisionmaking into the hands of localities, which are closest to understanding community needs. It also helps create local accountability for results for foster youth—of which permanency is among the most important. Moreover, pooling funding from various child-serving agencies can help break down turf barriers among agencies and can be used to clarify shared results such as permanency for older youth.

Making the Case Through Data

When states and localities decide to make these important investments to promote permanency, they want to do so in programs deemed effective. Programs can often show they are successful through careful tracking of outcome data and through thoughtful cost-benefit studies that detail the advantages of and savings generated by keeping youth in

¹⁷ Freundlich.

¹⁸ Ibid.

Pooling Funds Across Agencies: The Virginia Comprehensive Services Act

In 1989, the Virginia General Assembly expressed concern at the rising cost of providing residential treatment to high-risk youth. In response to that concern, the Virginia Department of Planning and Budget conducted a study of children served in residential care in 1990. The study found that the 14,000 cases being handled by four state agencies actually involved fewer than 5,000 children. This level of overlap suggested that duplicative services were being provided and that the lack of coordinated planning across agencies meant many opportunities were being missed to serve children more effectively. Lawmakers passed the Virginia Comprehensive Services Act (CSA) in 1993 to reduce the state's dependence on residential care institutions and increase the use of high-quality, less-restrictive, and community-based services for children with complex needs.

Virginia's social services programs are administered at the local level, so CSA focuses on helping localities achieve the state's goals. In exchange for maintaining local interagency planning boards and contributing a portion of the cost of services, localities can draw on a state funding pool that combines funds from eight different state and federal programs (including health, mental health, child welfare, juvenile justice, and special education programs). The pooled funding has fewer restrictions on its use than are typically imposed by the individual programs contributing funds to the pool. In 2009, the CSA pool will make available to localities approximately \$360 million in state and federal funding.

In recent years, the state legislature observed that CSA expenditures were continuing to flow disproportionately to residential care and that cost growth was stubbornly running at an annual rate of approximately 10 percent. In 2007, Virginia's First Lady Anne Holton, a former juvenile court judge, called attention to Virginia's failure to achieve strong, permanent family connections for many of the youth in its child welfare system. At her initiative, a partnership with state and local officials as well as national experts identified Virginia's over-

their home and community. Only a few evidence-based programs exist, but many promising practices nationwide are succeeding in improving permanency outcomes for youth.

Many states have moved toward using quality assurance systems to track data on youth well-being and outcomes and to track private providers' performance with regard to these measures. New York City's EQUIP data system tracks the performance of the community based agencies that provide care to foster youth in the city. Agencies are annually assessed across several key outcome areas, including safety, well-being, and permanency. Low-performing

agencies may receive technical assistance to help address important deficiencies, or may face corrective actions if they continue to perform poorly.

Other states are attempting to incorporate evidenced-based practices and cost-benefit analyses into their decision-making around funding for certain child welfare programs. In Washington, the state legislature requested that the Washington State Institute for Public Policy develop a study on "what works" in preventing children from coming into or remaining in foster care, including prevention and intervention programs. Additionally, the study considered the financial costs and benefits of implement-

reliance on residential care facilities as one factor contributing to that problem. As a result, in 2008, the Governor proposed and the legislature approved child welfare reforms that included a change in the CSA funding formula. Localities will pay a smaller share of costs for community-based services and a larger share for most placements in residential facilities; this effectively makes community-based services less expensive than residential care for localities. The incentive rates for community-based services took effect immediately, while the disincentive rates for residential care are being phased in.

The match rate changes are being phased in so localities have time to change their practice. Estimates based on local spending patterns in recent years indicate that when the match rate changes are fully phased in, the overall local share of CSA expenditures will be similar to what it would have been under the old rules (i.e., in aggregate, the fiscal effects of the incentives and disincentives will be roughly equal). However, the financial incentives that localities face are substantially different; it will be strongly in their interest to seek community-based alternatives rather than residential placement. Early indications are that localities are already beginning to respond. In the early months of fiscal 2009, the share of noneducation CSA spending that went to community-based services was about 15 percent, up from about 11 percent in the previous two years; the share going to residential placements is about 49 percent, down from about 55 percent in fiscal 2007. These trends suggest that the new legislation seems to be incentivizing localities to reduce their reliance on congregate care and increase community-based services, while avoiding a significant overall cost shift to localities. The expectation is that more young people will be served in their home or in the community, increasing permanency for Virginia youth.

For more information, contact Raymond Ratke, special advisor for children's services reform, Virginia Office of the Secretary for Health and Human Resources, at 804-786-7287 or ray.ratke@co.dmhmr.sas.virginia.gov.

ing these programs in the state. The study concluded that by implementing a portfolio of prevention and intervention strategies over five years, state taxpayers would receive a benefit of roughly \$34 million due to lower overall costs in child welfare and other tax-payer funded programs, including crime prevention.¹⁹ The legislature used the report's findings to inform funding decisions around prevention and intervention strategies in child welfare.

Considerations

- States should consider ways to pool state and local funds, including pooling funds across key child serving agencies. Pooling funds can increase

the flexibility of using those funds in ways that can help to promote permanency, and can help address gaps that result from youth who cross multiple agencies.

- In making a case to a state legislature or city or county council, it is important to highlight the benefits experienced by youth as a result of achieving permanency, as well as the economic benefits accrued to or costs avoided by tax payers. Building internal systems to track youth permanence outcomes, and the cost savings that can result from lower out of home costs, can help in getting support for funding to support permanency efforts.

¹⁹ Stephanie Lee, Steve Aos, Marna Miller, *Evidenced Based Programs to Prevent Children from Entering and Remaining in the Child Welfare System: Benefits and Costs for Washington*, (Olympia: Washington State Institute for Public Policy, 2008).

Strategy 5: Restructure Financial Incentives and Payments to Private Providers

Many child welfare systems rely on private community-based organizations to provide key services and supports to children and their families in their care, including permanency planning efforts. The ways public systems contract for these services can differ significantly, however, and these differences can affect a program's effectiveness in helping youth achieve permanency.

Providers are often paid a daily or weekly fee per child. Critics charge that this financial arrangement sometimes dissuades providers from seeking permanency for the youth, because the providers would lose funding once a child is placed or reunified with family. To prevent this tendency for providers to hold onto youth rather than move them toward permanency, states have implemented other types of payment structures.

Restructuring Adoption Payments in Cuyahoga County, Ohio

In 2004, the Adopt Cuyahoga's Kids Initiative was launched as a three-year pilot project to address the backlog over 650 youth in the Cuyahoga County foster care system waiting to be adopted. Of the those children awaiting placement, 85 percent were ten or older, more than half were teens, and many had been waiting for more than one year. The Initiative came about at the request of a group of Cleveland, Ohio leaders called the Community Vision Council, who approached the non-profit organization, Adoption Network Cleveland, to run the initiative. As part of their multi-faceted approach, the organization examined barriers to adoption, developed and trained public and private agency workers on child-centered recruitment and other strategies, and restructured the payment process to incentivize community-service providers to increase adoptions of older youth.

The Adopt Cuyahoga's Kids Initiative first experimented with two payment approaches, both designed to incentivize more adoptions. The first model involved paying a contracted agency a fixed amount of \$52,000 upfront to cover the cost of the caseworker and overhead expenses. Each full-time worker carried a caseload of 10–12 youth and were expected to provide all required services within that funding amount. The second payment model used a pay-per-service approach. Under the second payment model, no payment was given upon referral, but the agency received \$6,000 for each of the following services: 1) submitting a case profile within 60 days, 2) placing a child in adoption, or 3) finalizing an adoption placement. The Initiative found the number of finalized adoptions to be roughly the same between the two payment models. However, budgeting for the second approach became a challenge due to significant variability in cost. As a result, the Initiative eventually adopted a modified version of the first payment plan.

Under the final payment method, the Initiative pays an agency for one and a half times the salary of the caseworker plus overhead costs, and offers a smaller incentive of \$250 upon adoption placement and \$750 upon finalization. Under this new payment method, the Initiative is able to balance the added cost of providing incen-

- Several state and local child welfare systems have moved to a managed care model for providing some of their child welfare services. Providers are given a fixed amount of funding per child and, consequently, they have the incentive to serve youth in the least restrictive setting possible, including their home or with kin, by providing more in-home services and supports.
 - Local systems such as Cuyahoga County, Ohio's largest county, have implemented incentives into their pay structure for adoption services to help increase adoptions. Many have seen significant results from doing so (see Restructuring Adoption Payments in Cuyahoga County, Ohio below).
 - New York City is another example of a child welfare system that is seeking to align its contracting process with the results it wants to achieve in permanency. It includes incentives for expediting permanency for youth to compensate providers for the lost days in care (see Restructuring Payments to Private Agency Providers in New York City on page 32).
- Part of any plan to align the goals of a child welfare system, including achieving permanency, with a particular payment structure, requires clearly defining

tives to private agencies with the improved outcomes in expediting adoptions that they were hoping to achieve. By 2006, the initiative had successfully placed 331 youth into permanent adoptive homes, doubling their initial three-year goal of 165, and significantly reducing the number of youth waiting to be adopted.

In addition to offering financial incentives, the Adopt Cuyahoga's Kids Initiative also promotes permanency for youth through training on child centered recruitment and teaming strategies, facilitating collaboration and competition among private and public agency workers, and through specialized staff who help families navigate the adoption process. The Initiative helps promote collaboration across public and private caseworkers by facilitating joint monthly meetings where workers discuss shared challenges and learning opportunities. At the same time, the initiative promotes a healthy sense of competition and sense of urgency between public and private agencies by tracking and publishing data on key adoption-related outcome measures. The success of the Adopt Cuyahoga's Kids Initiative has led to the licensing of their child centered recruitment model to other communities who are interested in replicating their work.

As a result of its success, the Adopt Cuyahoga's Kids Initiative was continued beyond the initial start-up phase and became part of the Adoption Network Cleveland's core base of programs in 2007. The initiative leverages both public and private funding to support its work. The project is currently funded by Cuyahoga County Children and Family Services, The United Way, a Federal Adoption Opportunities Grant, and other private and foundation funding.

For more information, contact Betsie Norris, Executive Director of Adoption Network of Cleveland, at 216-325-1000 or Betsie.norris@adoptionnetwork.org.

Restructuring Payments to Private Agency Providers in New York City

In 2007, the New York City Administration for Children's Services (ACS) restructured the way it works with private agency providers as part of a successful effort to reform foster care financing and support a flexible, family-focused system of care that promotes permanency. In addition to this new financing model, the objectives of the first phase of the Improved Outcomes for Children (IOC) plan included replacing case delegation with a family conferencing framework and establishing new performance monitoring mechanisms for child welfare programs. In the first 18 months of implementation, the restructured payments are credited with reducing time spent in residential care and the number of lateral moves and step-up placements (i.e., moves from a family-based setting to residential care) as well as with increasing permanency for children in New York City's child welfare system.

The new financing model rewards providers who are able to move children or youth to permanent homes and only use residential care when necessary. ACS revised its guidelines from a per-diem rate, where private providers were paid by the number of nights they bill and have no real incentive to move children into more permanent homes, to a fixed allocation payment structure. Now, providers are paid a set case rate based on the number of children in the system at the beginning of the year, which is then adjusted for new admissions during the year. Managers have more flexible funding when children spend less time in residential care, because the fixed annual amount can be stretched farther when providing services in the home or community. The IOC plan also offers greater support by delegating many case management functions from ACS to provider agencies. Now, providers have the authority to make many individual case decisions for youth in care, and are able to pay directly for services that previously required ACS approval.

Youth in the system ultimately benefit by receiving faster, more stable placements in permanent homes. Between fiscal 2007 and fiscal 2008, when the IOC plan was rolled out, the number of step-up placements decreased from 129 to 74, the number of residential care days used for children who stepped up decreased from 14,680 to 6,120, and reunifications increased from 1,257 to 1,528.

For more information, contact Dawn Saffayeh, assistant commissioner, strategic resource management and reporting, at dawn.saffayeh@dfa.state.ny.us; or Hattie Quarnstrom at 212-341-2867 or hattie.quarnstrom@dfa.state.ny.us.

the outcomes desired. It also requires a method of capturing outcome data that is understandable and transparent for the service providers and the public agency. This is particularly true when incentives or penalties are built into the system, because agencies must be fiscally prepared for any budget and cash-

flow effects. Fiscal incentives can include additional payments for reunifying older youth with parents, promoting adoptions, placing youth into guardianship placements, and working with the youth to identify additional permanency resources.

Any incentives would need to ensure that providers are not rushing to place youth in situations that are unsafe or not conducive to long-term permanency. Consequently, outcome measures will need to be time-lagged to ensure the outcomes are sustainable (e.g., youth who are successful in their placements one year after reunification or adoption). Even when incentives and disincentives are not introduced into the payment structure, a systematic way of collecting basic performance data across community-based agencies should be available. Analyzing and reviewing the data with the service provider agency should be a part of any contract renewal, and results should help guide contracting decisions.

Evidence suggests that a system relying heavily on congregate care and group care to serve older youth will have a harder time helping those youth achieve permanency than a system relying on a comprehensive system of supports in the home and community. In contracting for services, child welfare leaders should strongly encourage their providers to build their service model in a way that supports community-based and home-based services.

Considerations

- Tracking basic performance data on providers can provide critical information when the time comes to determine whether a provider's contract should be renewed. Without such data, contracting decisions can seem arbitrary to the provider community and increase resistance to any proposed changes in the payment structure.
- Child welfare leaders should consider piloting incentives with a select group of providers who are willing and best prepared to be successful. Particularly if incentives are involved, other providers may get on board once they see that their colleagues are successful.
- Private service providers who contract with state or local child welfare agencies should focus

on building permanency efforts into their service delivery model. Providers must be encouraged to think creatively about ways to build more services in the community and in the home, which will position them better to support permanency for older youth. Child welfare leaders and their staff who oversee contracts should seek out providers who can offer a wide range of services, including prevention, family stabilization, and after-care that help to promote permanency for a youth.

- The recently enacted Fostering Connections legislation allows states to seek partial reimbursement for training for private agency workers. Although states will have to pay the 20 percent match for these funds, they should consider taking advantage of this important opportunity to ensure that private agency workers are trained on best practices to help older youth achieve permanency.



Strategy 6: Coordinate with Other Agencies and Systems

Youth who are in foster care, or who are at risk of entering care, often come to the attention of other child-serving agencies or programs at various times during their life. Frequently, children who enter care are brought to the attention of school administrators, health clinics or doctors, or other professionals before they finally enter care for an abuse or a neglect report. Similarly, once the youth enters care, often multiple agencies and service providers are involved in his or her care, including various health, education, and social work professionals. However, opportunities are frequently missed—either to prevent youth from entering out-of-home care or to work with youth in developing a permanency plan—because of a lack of communication among agencies and a failure to coordinate services in a meaningful way.

Child welfare leaders can consider two key approaches for collaborating with other agencies or programs to promote permanency for older youth: sharing client data and coordinating services to promote permanency.

Sharing Client Data

Sharing information across agencies and systems can expedite and promote permanency for youth in out-of-home care. Frequently, however, people who work with these youth—private therapists, school officials, doctors, foster parents, caseworkers, and attorneys—have valuable data that may not be shared. Without a formal mechanism for sharing data among key stakeholders, particularly in a digitized format, information on potential permanency resources and long-term connections may be lost in specific agency case files rather than used in a way that can help foster youth. Sharing case information can also be helpful in designing a safety plan for older youth who are at risk of entering foster care.

Coordinating Services to Promote Permanency

Child welfare leaders also need to consider where opportunities exist to partner and coordinate with other public agencies and systems in helping to promote and expand permanency options for older foster youth (see Agency and System Coordination for Comprehensive Services: Wraparound Milwaukee on page 35 and Coordinating with Other Agencies: Illinois' Child Protection Mediation Program on page 36). Natural partners include schools, the courts, mental health service providers, and juvenile justice agencies.

Child welfare leaders can partner with state or local health or mental health departments in determining how to build a system of community-based supports that can provide needed services to families to help prevent out-of-home care and to provide follow-up services to ensure successful reunification. Child welfare leaders also need to consider how to leverage the power of the court in applying pressure to move youth to permanency faster. Court improvement projects across the nation are implementing mediation, training key court staff on permanency issues, streamlining court procedures to limit the period youth stay in care, and using one judge—one case models where the same judge sees a case throughout the life of the case.²⁰

Considerations

- State confidentiality laws frequently prevent the sharing of information on foster care youth across agencies and service providers. However, states should consider ways to balance the importance of sharing data across agencies and programs and addressing confidentiality concerns. Forming a cross-agency task force is one common way to address issues of data collaboration.

²⁰ U.S. Department of Health and Human Services, Children's Bureau, "Court Improvement Program," www.acf.hhs.gov/programs/cb/programs_fund/state_tribal/ct_imprv.htm (accessed March 5, 2009).

Agency and System Coordination for Comprehensive Services: Wraparound Milwaukee

The Wraparound Milwaukee program in Milwaukee County, Wisconsin, helps increase permanency for children and youth by offering comprehensive family and community-based services that are coordinated across service providers and government agencies. Through these services, children and youth are less likely to be placed in out-of-home placements and better able to maintain permanent connections with family members and other supportive individuals in their lives. This unique service delivery model is designed to provide comprehensive, individualized, and cost-effective care to children with complex mental health and emotional needs. Operating since 1995, the program serves children at immediate risk of placement in a residential treatment center, juvenile correctional facility, or psychiatric hospital through referrals from the child welfare or juvenile justice systems.

Wraparound Milwaukee was created out of a six-year, \$15 million federal grant received from the Washington, D.C.-based Center for Mental Health Services. Currently, both state and county agencies provide funding for the system, including the Bureau of Milwaukee Child Welfare, Milwaukee County Delinquency and Court Services, and the Wisconsin Division of Health Care Financing, which operates Medicaid. Funds from the three agencies are combined to create a flexible funding source to deliver various services to youth and their families in the least restrictive settings possible. The 2009 annual budget is expected to reach \$40 million due to a steady expansion in youth enrollment.

Part of the county's Behavioral Health Division, Wraparound Milwaukee acts as a public care management entity and oversees the management and distribution of the funds. Emphasis is placed on including family members in the planning process for their child and promoting increased collaboration among child welfare, education, juvenile justice, and mental health agencies in the delivery of services. Wraparound Milwaukee coordinates care services through contracts with eight community agencies and an extensive provider network of 204 agency and individual providers to offer more than 80 types of community and home-based services to families.

Wraparound Milwaukee helps promote permanency for youth at risk of entering out-of-home care by providing a continuum of in-home and community-based services. The flexible funding enables services to be tailored to the individual needs of the families the program serves, rather than tied to categorical funding requirements. Wraparound Milwaukee is also cost-effective; the average monthly cost of a youth in residential care is \$8,550, while the average monthly cost of care for a youth enrolled in Wraparound Milwaukee is only \$4,100. The initiative is able to save money as a result of diverting children and youth away from more costly residential care and reinvesting the savings to serve more children and youth in the community.

For more information, contact Bruce Kamradt, director, Wraparound Milwaukee, at 414-257-7611; or visit www.milwaukeecounty.org/WraparoundMilwaukee7851.htm.

Coordinating with Other Agencies: Illinois' Child Protection Mediation Program

Court mediation programs can help children achieve permanency more quickly by improving communication and working relationships among individuals involved in the case and helping them reach innovative solutions that are appropriate for the child's and the family's circumstances. Issues commonly referred to the program involve barriers to permanency and reunification, visitation, placement stabilization, guardianship, and adoption back-up planning.

At the request of a judge in the Circuit Court of Cook County, Illinois, a committee was developed in 2000 and charged with developing a program to better engage families in court cases. This Long Term Vision Committee was composed of various court stakeholders, including attorneys, social workers, and representatives from community-based organizations, the Jane Addams Juvenile Court Foundation, and the Cook County Department of Child and Family Services. After considerable research and consultation with experts in the field, the committee decided to pilot a Child Protection Mediation Program in two of its child protection courts in February 2001. By October 2001, the program was made permanent and extended to all 13 child protection courtrooms. The program is funded by the Circuit Court of Cook County.

The Child Protection Mediation program is available to families involved in child abuse, neglect, or dependency proceedings and offers families the opportunity to resolve issues outside of court with two neutral mediators in an informal and confidential setting. Mediations are court-ordered under a local circuit court rule, but entry into any agreement during mediation is voluntary. The program is conveniently housed in the juvenile courthouse to enable mediators to quickly dispatch to the courtroom when contacted by judges. Mediators also work to contact others who may not have been in court on that day, including parents, attorneys, caregivers, extended family members, and social service professionals. To date, the program has served more than 2,900 young people through 1,550 mediations. The program is ultimately able to promote permanency solutions for children and youth through improved communication among family members.

For more information, contact Susan Storcel, director, Child Protection Mediation, at 312-433-4842 or cpmediation@cookcountygov.com.

- Child welfare leaders can consider convening a task force or policy council to bring together child-serving agencies to focus on a specific group such as transitioning youth in foster care. The coordinating group can concentrate on specific cases, if the population is small enough, or

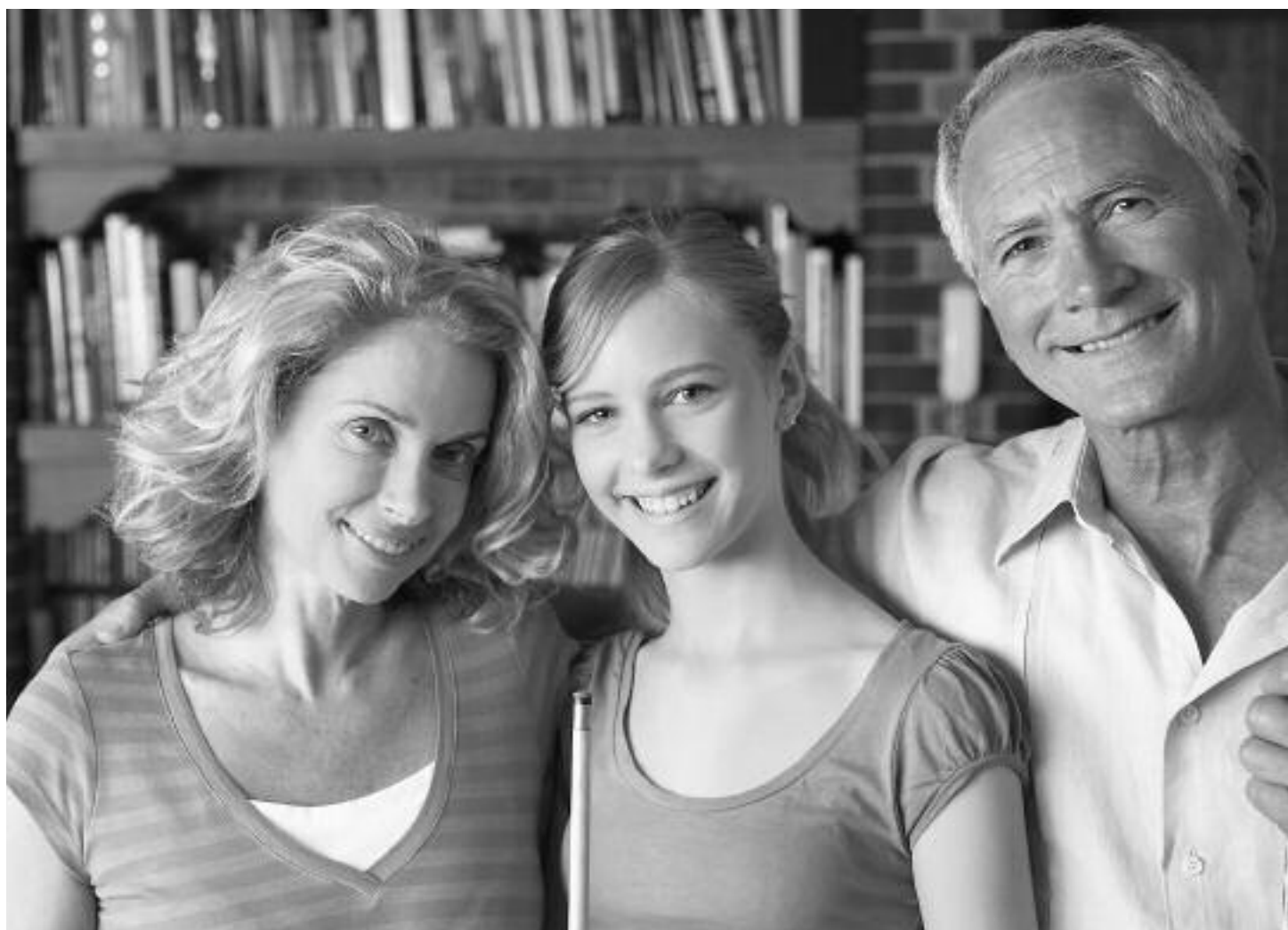
work on identifying broader policy or administrative barriers and finding common solutions. Agencies represented on this coordinating group could include health, education, juvenile justice, mental health, and child welfare agencies.

Conclusion

Youth in foster care need to be connected to caring adults who are willing to make a lifelong commitment to that youth, if they are to make a successful transition to adulthood. These youth frequently experience extended separations from family members and other loved ones, so establishing these permanent connections can be challenging and requires deliberate effort and planning on the part of the youth, their family or kin, and the child welfare system.

As highlighted in this strategy brief, many state and local child welfare agencies are implementing inno-

vative financing strategies aimed at helping youth develop and sustain the long-term relationships they need. These strategies include making the best use of federal child welfare resources already in the system, maximizing the use of other federal funding sources, engaging in public-private partnerships, coordinating state and local child welfare funding, restructuring payments to private providers, and coordinating with other youth-serving systems. The financing strategies to support permanency can provide a road map for child welfare leaders seeking to improve permanency outcomes for youth.





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2008 National Convening on Youth Permanence
www.youthpermanence.org

Annie E. Casey Foundation
www.aecf.org

Casey Family Services
www.caseyfamilyservices.org/index.php

Chapin Hall Center for Children at the University of Chicago
www.chapinhall.org

Child Trends, Inc.
www.childtrends.org

Foster Care Alumni of America
www.fostercarealumni.org

Jim Casey Youth Opportunities Initiative
www.jimcaseyyouth.org

Kids Are Waiting: Fix Foster Care Now
A Project of The Pew Charitable Trusts
www.kidsarewaiting.org

National CASA Association
www.nationalcasa.org

National Foster Parent Association
www.nfpainc.org

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About The Finance Project

Helping leaders finance and sustain initiatives that lead to better futures for children, families, and communities.

The Finance Project is an independent nonprofit research, consulting, technical assistance, and training firm for public- and private-sector leaders nationwide. It specializes in helping leaders plan and implement financing and sustainability strategies for initiatives that benefit children, families, and communities. Through a broad array of tools, products, and services, The Finance Project helps leaders make smart investment decisions, develop sound financing strategies, and build solid partnerships. To learn more, visit www.financeproject.org.

Financing and Sustaining Supports and Services for Youth Transitioning Out of Foster Care

This publication is part of a series of tools and technical assistance resources on financing and sustaining initiatives supporting youth transitioning from foster care developed by The Finance Project with support from the Foster Care Work Group. These tools and resources are intended to help policymakers, program developers, and community leaders develop innovative strategies for implementing, financing, and sustaining effective programs and policies. To access these resources and for more information on this project, visit www.financeproject.org/special/practice/fcwg.cfm.

