



## **CRS Report for Congress**

# **Child Welfare: the Chafee Foster Care Independence Program (CFCIP)**

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### **Summary**

While most young people have access to financial and emotional support systems throughout their early adult years, former foster care youth often lack assistance in developing independent living skills to ease the transition to adulthood. Recognizing the difficulties faced by youth exiting foster care, Congress passed the Chafee Foster Care Independence Act (P.L. 106-169) to expand the population of youth eligible to receive independent living services and to give states greater flexibility in designing their independent living programs. Under P.L. 106-169, Congress doubled the mandatory funding available to states for independent living services from \$70 million to \$140 million. In 2002, Congress passed legislation (P.L. 107-133) to allocate discretionary funding to eligible current and former foster care youth for education and training vouchers worth up to \$5,000. The Chafee Foster Care Independence Program (CFCIP) and voucher component are administered by the U.S. Department of Health and Human Services (HHS). In the 109<sup>th</sup> Congress, H.R. 3471 was introduced, which, if enacted, would have addressed weaknesses in the implementation of the CFCIP. This report briefly describes the CFCIP, and will be updated as significant legislative developments occur.

### **Introduction**

In most states, youth are discharged from foster care at age 18 or shortly thereafter.<sup>1</sup> The number of youth reported as emancipating from care rose from approximately 19,000

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<sup>1</sup> Marian Bussey et al. *Transition from Foster Care: A State-by-State Data Base Analysis*, Casey Family Programs, 2000, p. 19.

in FY2001 to 23,100 in FY2004.<sup>2</sup> This increase in the number of emancipated youth has occurred concurrently with the overall decrease in the number of children in care, from 556,000 in FY2001 to 517,000 in FY2004. Further, nearly 30% of children who emancipated from care in FY2003 (the most recent data available for this characteristic) were 12 years or younger when they entered care.<sup>3</sup> This suggests that children who are leaving care without being formally reunified with a parent, adopted, or placed in guardianship are a growing concern of child welfare agencies and policymakers. Recently emancipated foster care youth are particularly vulnerable during the transition to adulthood. While many young people have access to financial and emotional support systems throughout their early adult years, former foster youth often lack assistance in developing independent living skills to ease the transition.<sup>4</sup> Studies indicate that youth who have “aged out” of foster care fare poorly relative to their counterparts in the general population on several outcome measures: employment, education, homelessness, mental health, medical insurance coverage, criminal activity, and early pregnancy.<sup>5</sup>

Recognizing the difficulties faced by youth exiting foster care, Congress created a new Independent Living initiative (P.L. 99-272) in 1986 to assist foster youth ages 16 to 18 whose original families qualified for Aid to Families with Dependent Children (AFDC), in achieving independence. The legislation authorized mandatory funding to states under a new Section 477 of the Social Security Act. States were awarded a share of independent living funds based on the number of children receiving federal foster care payments in FY1984.<sup>6</sup> In 1987, legislation (P.L. 100-647) was enacted to expand the program to serve any foster care children age 16 or older (regardless of AFDC status) and to provide independent living services to certain youth for six months after leaving care. The Omnibus Reconciliation Act of 1990 (P.L. 101-508) gave states the option of providing independent living services to youth until age 21, and in 1993, Congress permanently authorized funding for the program at \$70 million annually (P.L. 103-66).

## **John H. Chafee Foster Care Independence Program**

The John H. Chafee Foster Care Independence Act of 1999 (P.L. 106-169) replaced the 1986 Independent Living Program with the Chafee Foster Care Independence Program (CFCIP) and doubled the annual funds available to states from \$70 million to \$140 million. In addition, the law removed a disincentive for youth to accumulate

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<sup>2</sup> U.S. Department of Health and Human Services, Administration for Children and Families, *The AFCARS Report*, September 2002 and September 2004, at [[http://www.acf.hhs.gov/programs/cb/stats\\_research/index.htm#afcars](http://www.acf.hhs.gov/programs/cb/stats_research/index.htm#afcars)].

<sup>3</sup> U.S. Department of Health and Human Services, *Child Welfare Outcomes 2003: Annual Report to Congress*, Executive Summary, June 2006, p. 2.

<sup>4</sup> Mark E. Courtney and Darcy Hughes Heuring. *The Transition to Adulthood for Youth “Aging Out” of the Foster Care System* in Wayne G. Osgood et al., eds., *On Your Own Without a Net: The Transition to Adulthood for Vulnerable Populations* (Chicago: The University of Chicago Press, 2005), pp. 27-32.

<sup>5</sup> See, for example, Peter J. Pecora et al. *Improving Foster Family Care: Findings from the Northwest Foster Care Alumni Study*, Casey Family Programs, 2005, pp. 1-2.

<sup>6</sup> AFDC was the federal-state cash welfare program that was replaced by the Temporary Assistance for Needy Families (TANF) program in 1996.

earnings or other resources to assist in their transition to independent living. Eligibility for foster care maintenance payments under Title IV-E of the Social Security Act is based on whether the children's original families would qualify for AFDC, as it was in effect on July 16, 1996. Under these rules, children cannot remain eligible for Title IV-E services if they accumulate assets of more than \$1,000. P.L. 106-169 changed this asset limit to \$10,000. The act also encouraged states to provide Medicaid coverage to youth ages 18, 19, and 20 who have emancipated from foster care. In 2002 (P.L. 107-133), discretionary funds — up to \$60 million annually — were authorized for eligible current and former foster care youth to receive education and training vouchers.

**Overview.** The Chafee Foster Care Independence Act (P.L. 106-169) required states to expand the population of youth who receive independent living services to include those who have “aged out” of foster care (until their 21<sup>st</sup> birthday) and those of any age in foster care who are expected to leave care without placement in a permanent family. Services may consist of educational assistance, vocational training, mentoring, preventive health activities, and counseling. States may dedicate as much as 30% of their program funding toward room and board for youth ages 18 through 20. Since FY2003, states have received an average of \$44.5 million annually to provide education and training vouchers worth up to \$5,000 to youth eligible under the CFCIP and youth adopted from foster care after 16 years of age. The vouchers are available for the cost of attendance at an institution of higher education, as defined by the Higher Education Act of 1965.<sup>7</sup> Only youth receiving a voucher at age 21 may continue to participate in the voucher program until age 23. A recent study of the use of voucher funds by 1,700 recipients in a small number of states demonstrates that these states are providing vouchers up to \$5,000 primarily to students ages 18 and older to study a wide range of topics at vocational institutions and colleges.<sup>8</sup>

**Medicaid Provisions.** P.L. 106-169 encouraged states to provide Medicaid coverage to emancipating foster care youth and also amended the Medicaid program to permit states to make all youth who “age out” eligible until their 21<sup>st</sup> birthday. Based on a June 2005 review of state Medicaid plans, 10 states (Arizona, California, Kansas, Mississippi, New Jersey, Oklahoma, South Carolina, South Dakota, Texas, and Wyoming) extended Medicaid coverage to youth eligible under P.L. 106-169.<sup>9</sup> In 2006, Iowa and Indiana began providing coverage to former foster care youth through the CFCIP option. In all states, youth age 19 or younger with family incomes at or below 100% of the federal poverty limit (or up to 250% in some states) are eligible for Medicaid or SCHIP. Youth who do not qualify for Medicaid or SCHIP may be eligible for Medicaid coverage through the “Ribicoff” pathway, named for the late former senator, Abraham Ribicoff. Ribicoff youth meet the income and resource requirements for the former AFDC program but do not meet other categorical requirements for AFDC. Over half of all states have opted to provide coverage to former foster care youth through the Ribicoff pathway, although length of eligibility for coverage varies across these states.

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<sup>7</sup> See Sections 102 and 472 of the Higher Education Act of 1965.

<sup>8</sup> U.S. Department of Health and Human Services. *Justifications of Estimates for Appropriations Committees FY2007, Administration for Children and Families*, p. D-83. No additional information about this study is currently available.

<sup>9</sup> See, Abigail English et al., *Health Care for Adolescents and Young Adults Leaving Foster Care: Policy Options for Improving Access*, Center for Adolescent Health & the Law, 2006, p. 4. Puerto Rico was not included in this analysis.

**State Requirements.** To be eligible for CFCIP funds, a state must submit a five-year plan describing how the state intends to design and deliver its independent living program across all political subdivisions; serve a range of youth of various ages and stages of development; use objective criteria for determining eligibility for services under the programs; involve the public and private sectors in assisting adolescents in foster care achieve independence; and cooperate in national evaluations of the programs. States must also certify that, among other requirements, they are providing assistance and services to former foster care youth ages 18 to 21 and coordinating the independent living programs with other youth programs at the local, state, and federal levels.

A November 2004 report by the U.S. Government Accountability Office (GAO) found that while 40 states expanded existing independent living services to younger youth and 36 states reported serving youth older than they had previously served since the passage of P.L. 106-169, one-third of the states served less than half of all eligible youth.<sup>10</sup> GAO also found gaps in securing housing and the availability of mental health services and mentoring services. Further, while 49 states reported increased coordination with a number of programs that provide or supplement independent living services, child welfare administrators and youth said that they were unaware of these services. GAO concluded that the lack of uniformity among the states' five-year plans impedes the federal government from using the plans to monitor how well the programs serve youth.

**Funding and Allotment.** The FY2006 omnibus spending measure (P.L. 109-149) appropriated \$140 million in mandatory funds for the CFCIP and \$46.2 million in discretionary funds for the voucher program. The Senate and House Appropriations Committees have recommended this same level of funding for FY2007 (H.Rept. 109-515 and S.Rept. 109-287). **Table 1** at the end of this report provides the federal CFCIP and voucher allotments for each state in FY2005 and FY2006. The FY2007 budget for HHS is under a continuing resolution through February 15, 2007, and funding for the program remains at the FY2006 level. To receive Chafee general funds and voucher funds, states must provide a 20% non-federal match. States have two fiscal years to spend their CFCIP and voucher funds. Funds not spent in that time frame revert to the federal treasury. In FY2004 (the most recent data available for returned funds), states were allocated a combined total of \$140 million in general CFCIP funds, 19% of which was returned to the treasury.<sup>11</sup> Also in FY2004, states received \$44.1 million in funds for the vouchers and returned 24.3% of those funds.<sup>12</sup>

States may apply to receive mandatory funds for all purposes specified in the CFCIP. These funds are distributed to each state based on its proportion of the nation's children

<sup>10</sup> U.S. Government Accountability Office. *HHS Actions Could Improve Coordination of Services and Monitoring of States' Independent Living Programs*, GAO-05-25, November 2004.

<sup>11</sup> Louisiana, Nebraska, Nevada, and New York returned their full allocations, and Illinois, Maryland, Massachusetts, Minnesota, Mississippi, and New Jersey returned between 11.3% and 81.4% of their allocations. Final data were not available for seven states (North Carolina, North Dakota, Pennsylvania, Texas, Vermont, Wisconsin, and Wyoming).

<sup>12</sup> Illinois, Minnesota, Nebraska, New Jersey, and Wisconsin returned their full allocations and 10 states (California, Florida, Hawaii, Idaho, Kansas, Kentucky, Maine, Maryland, Missouri, and Ohio) returned between 0.3% and 53.9% of their allocations. Final data were not available for 14 states (Alaska, Michigan, Mississippi, New Mexico, New York, North Dakota, Oklahoma, Oregon, Pennsylvania, Puerto Rico, South Dakota, Tennessee, Texas, and Virginia).

in foster care. However, the law's "hold harmless" clause precludes any state from receiving less than the amount of funds it received in FY1998 or \$500,000, whichever is greater. Although the general funding for independent living services doubled nationally under P.L. 106-169, the percentage increase in funds received has varied across states, and two states (Louisiana and New York) and the District of Columbia received nearly the same amount of funds allotted to them prior to the enactment of the CFCIP legislation. Like the CFCIP's mandatory funds, discretionary funds for the education and training vouchers are distributed based on a state's proportion of foster care children nationwide. (There is no hold harmless provision for these funds.)

**Data Reporting and Evaluation.** P.L. 106-169 requires that HHS identify the data needed to track the characteristics and outcomes of children to assess the performance of states in operating independent living programs. P.L. 106-169 further requires that states failing to comply with the data reporting requirement will be penalized an amount equal to 1% to 5% of their allotments. A notice of proposed rulemaking, published on July 14, 2006 in the *Federal Register* (Vol. 71, No. 35), establishes a data collection system, known as the National Youth in Transition Database, to track the characteristics and outcomes of current and former foster care youth receiving (or not receiving) independent living services.<sup>13</sup> The NPRM outlines the data elements and the penalty structure for non-compliance with the regulations.

P.L. 106-169 also provides that HHS must conduct evaluations of state independent living programs funded by the act and deemed to be innovative or of national significance. Of all the funds authorized for the CFCIP, 1.5% (\$2.8 million in FY2006) is reserved for HHS to conduct evaluations of innovative and potentially significant state CFCIPs. HHS has contracted with the Urban Institute and its partners to conduct a five-year evaluation of 1,400 youth participating in four independent living programs in California and Massachusetts. The goal of the evaluation is to determine the effects of the programs in achieving key outcomes such as increased educational attainment.

## Legislation in the 109<sup>th</sup> Congress

On July 27, 2005, Representative Danny Davis introduced the Strengthening the Chafee Foster Care Independence Act (H.R. 3471). The purpose of the legislation was to address weaknesses in the implementation of the CFCIP. Drawing, in part, on the findings of the November 2004 GAO report, the legislation would have required HHS to distribute information about non-Chafee federal programs that may assist emancipating foster youth and create a uniform reporting format for state Child and Family Service plans and progress reports. The legislation would have also expanded CFCIP eligibility to youth in or exiting from foster care after reaching age 14.

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<sup>13</sup> For additional information, see CRS Congressional Distribution Memorandum, *Notice of Proposed Rule Making To Implement the Chafee Foster Care Independence Act Database*, by Adrienne Fernandes (available upon request from CRS at 7-5700).

**Table 1. FY2005 and Estimated FY2006 Federal CFCIP General and Voucher Allotments by State (\$ in thousands)**

State	FY2005			Estimated FY2006 Allotments		
	General	Vouchers	Total	General	Vouchers	Total
Alabama	1,563	534	2,097	1,563	529	2,092
Alaska	525	179	704	525	177	703
Arizona	1,991	680	2,671	1,991	674	2,665
Arkansas	772	264	1,036	772	261	1,033
California	25,013	8,548	33,561	25,013	8,462	33,475
Colorado	2,251	769	3,020	2,251	762	3,013
Connecticut	1,734	593	2,327	1,734	587	2,321
Delaware	500	72	572	500	71	571
District of Columbia	1,092	272	1,364	1,092	269	1,361
Florida	7,889	2,696	10,585	7,889	2,669	10,558
Georgia	3,507	1,198	4,705	3,507	1,186	4,693
Hawaii	763	261	1,024	763	258	1,021
Idaho	500	123	623	500	122	622
Illinois	5,557	1,899	7,456	5,557	1,880	7,437
Indiana	2,289	782	3,071	2,289	774	3,063
Iowa	1,289	440	1,729	1,289	436	1,725
Kansas	1,487	508	1,995	1,487	503	1,990
Kentucky	1,773	606	2,379	1,773	600	2,373
Louisiana	1,358	399	1,757	1,358	395	1,753
Maine	771	264	1,035	771	261	1,032
Maryland	2,963	1,012	3,975	2,963	1,002	3,965
Massachusetts	3,242	1,108	4,350	3,242	1,097	4,339
Michigan	5,497	1,879	7,376	5,497	1,860	7,357
Minnesota	1,887	645	2,532	1,887	638	2,525
Mississippi	723	247	970	723	245	968
Missouri	3,091	1,056	4,147	3,091	1,046	4,137
Montana	500	164	664	500	162	662
Nebraska	1,553	531	2,084	1,553	525	2,078
Nevada	588	201	789	588	199	787
New Hampshire	500	107	607	500	106	606
New Jersey	3,299	1,127	4,426	3,299	1,116	4,415
New Mexico	540	185	725	540	183	723
New York	11,586	3,362	14,948	11,586	3,329	14,915
North Carolina	2,452	838	3,290	2,452	829	3,281
North Dakota	500	109	609	500	108	608
Ohio	4,969	1,698	6,667	4,969	1,681	6,650
Oklahoma	2,364	808	3,172	2,364	800	3,164
Oregon	2,413	824	3,237	2,413	816	3,229
Pennsylvania	5,598	1,913	7,511	5,598	1,894	7,492
Puerto Rico	1,951	667	2,618	1,951	660	2,611
Rhode Island	600	205	805	600	203	803
South Carolina	1,259	430	1,689	1,259	426	1,685
South Dakota	500	139	639	500	137	637
Tennessee	2,440	834	3,274	2,440	825	3,265
Texas	5,707	1,950	7,657	5,707	1,931	7,638
Utah	523	179	702	523	177	700
Vermont	500	124	624	500	123	623
Virginia	1,812	619	2,431	1,812	613	2,425
Washington	2,162	739	2,901	2,162	731	2,893
West Virginia	1,046	358	1,404	1,046	354	1,400
Wisconsin	2,012	688	2,700	2,012	681	2,693
Wyoming	500	93	593	500	92	592
Evaluation and technical assistance	2,100	688	2,784	2,100	692	2,792
<b>Total Funding</b>	<b>140,000</b>	<b>46,612</b>	<b>186,611</b>	<b>140,000</b>	<b>46,157</b>	<b>186,157</b>

**Source:** Table prepared by the Congressional Research Service based on data provided by the U.S. Department Health and Human Services, August 2006.