



**CWDA**

Advancing Human Services  
for the Welfare of All Californians

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**TO:** County Welfare Directors Association

**FROM:** Tom Joseph, Director, CWDA Washington, D.C. Office

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**RE:** Obama Administration's FFY 2017 Budget Proposals

Today, the Obama Administration released its proposed \$4 trillion budget for Federal Fiscal Year (FFY) 2017. Many of the proposals are similar to last year, but there are some new proposed initiatives which are outlined below, including some child welfare investments.

The Obama blueprint outlines a menu of policy and spending options for the House and Senate to consider when the two chambers mark up legislation later in the year. Below are highlights of the policy and spending proposals the Administration submitted on February 9, 2016.

Due to the massive amount of information released today, much of this update condenses and edits numerous administration documents. There are a number of new initiatives highlighted below as well as information on long-standing proposals. Many of these proposals would require significant new appropriations, which are unlikely in a Republican-led House and Senate.

### ***Improving Outcomes for Children in the Child Welfare System***

The Budget includes an investment of \$505 million increase in FY 2017 for a suite of proposals designed to improve permanency services so children are less likely to need foster care placement in the future, promote family-based care for children with behavioral and mental health needs in order to reduce the use of congregate care, support successful transitions from foster care to adulthood, and improve the quality of child welfare services provided to children through better trained staff and stronger information technology systems.

**Permanency Funding:** The Budget requests \$616 million over 10 years in matching funds for permanency and post-permanency services included as part of a child's case plan. Most of the services funded must be evidence-based or evidence-informed.

**Family-Based Foster Care Incentives:** The Budget includes savings of \$68 million over 10 years to promote family-based foster care for children with behavioral and mental health needs, as an alternative to congregate care, and provides increased oversight of congregate care when such placements are necessary.

**Enhancing Child Welfare Workforce Development:** Children in the child welfare system who have caseworkers with a Bachelor's or Master's Degree of Social Work have better outcomes, including shorter time in out-of-home care, increased adoptions, and a lower likelihood of being removed from their homes. The Budget includes \$1.8 billion over 10 years to ensure child welfare caseworkers and other professionals have the right skills to best meet the needs of the children, youth, and families in the child welfare system. This funding will enable individuals to earn these degrees in exchange for a commitment to work for the child welfare agency for a time commensurate to the length of the education benefits. To incentivize states to exercise this option, this proposal would offer an enhanced match rate for case planning and management for children in foster care, as well as administrative activities for children who are candidates for foster care, when these activities are significantly performed by caseworkers with either degree.

**IT Systems Funding:** The Budget provides \$131 million over 10 years for an enhanced match for Title IV-E administrative costs related to IT systems development in child welfare.

**Psychotropic Medication Initiative:** For the third year in a row, the Budget requests mandatory funding in HHS to support a collaborative demonstration project with the Centers for Medicare & Medicaid Services (CMS) to address the over-prescription of psychotropic medications to children in foster care. This investment includes \$250 million in mandatory funding over 5 years in HHS, paired with \$500 million in new performance-based incentive funds in CMS.

**PSSF Boost:** The \$385 million for Promoting Safe and Stable Families includes an expansion of the Regional Partnership Grants from \$20 million to \$60 million annually to improve the well-being of children and families affected by substance abuse. Based on 2014 data, parental substance abuse contributed to 30 percent of foster care placements. Consistent with parental addiction, the rate of infants entering child welfare has also increased from a rate of 10.8 per 1,000 infants in 2013 to 11.4 per 1,000 infants in 2014. Moreover, child welfare agencies across the country have reported increases in opioid, heroin, and methamphetamine addiction and a lack of effective treatment services as significant contributing factors to the uptick in the numbers of children entering foster care.

**IV-E and Child Support:** The Budget also proposes for the third year in a row \$46 million in FY 2017 and \$492 million over 10 years to require that child support payments made on behalf of children in foster care are used in the best interests of the child rather than being retained by the state.

### ***TANF: Strengthening Efforts to Help Poor Families Succeed***

The Budget includes a number of proposals to strengthen the TANF program. It (1) increases resources for TANF to help offset 20 years of erosion in TANF funding and ensures that States meet their state funding requirements without using funding gimmicks,

(2) requires States to spend a majority of their funds on the core purposes of TANF, and ensures all TANF funds are spent on low-income families, (3) calls on Congress to provide States with more flexibility to design effective work programs in exchange for holding States accountable for the outcome that really matters – helping parents find jobs, (4) proposes that HHS be required to publish an annual measure or measures related to child poverty in States, and (5) creates a workable countercyclical measure modeled after the effective TANF Emergency Fund created during the Great Recession and utilized by governors of both parties.

The Budget also continues a prior proposal to redirect funds currently in the contingency fund to finance two important innovative approaches to reducing poverty and promoting self-sufficiency: subsidized jobs programs, and two-generation initiatives that seek to improve employment outcomes of parents and developmental and educational outcomes of children.

### ***Emergency Assistance to Support Families in Crisis***

The Budget invests in a new \$2 billion over five years Emergency Aid and Service Connection initiative to test and scale innovative State and local approaches to aid families facing financial crisis, including families on the brink, for example, because of a temporary illness or a broken down car, and families already in crisis. The funding will provide families the emergency help they need both to avert a downward spiral or to reverse one, and then connect those who need it for longer term assistance, such as income assistance, job training, child care, and mental health and substance use disorder treatment, so that families are stabilized, parents can get back on their feet, and children can thrive. These efforts will be rigorously evaluated so that the projects can inform future policymaking and program design at the Federal, State, and local levels.

The pilots will test new approaches to providing emergency aid for these families. This initiative will include both short-term financial assistance, such as help paying a rental security deposit or for a car repair, and for those who need longer term assistance, connection to supports, such as TANF, employment assistance, Supplemental Nutrition Assistance Program, child care, or Medicaid, that can help persons receiving assistance find jobs, stabilize their families, and become more financial secure. The Budget allocates \$40 million in FY 2017 for a planning year for grantees, followed by \$490 million annually from FY 2018 through FY 2021 to assist hundreds of thousands of families and support a strong evaluation.

### ***Ending Homelessness***

The initiative includes \$25 million to test innovative projects that support homeless youth, and 8,000 new units of rapid re-housing that provides tailored assistance to help homeless families stabilize in housing and then assists them to become more self-sufficient. The overall Budget for housing sustains funding to support programs dedicated to ending

veteran homelessness, while also providing \$11 billion in housing vouchers and rapid rehousing over the next ten years to reach and maintain the goal of ending homelessness among all of America's families by 2020. Rigorous research has found that families who utilized vouchers -- compared to alternative forms of assistance to the homeless -- had fewer incidents of homelessness, child separations, intimate partner violence and school moves, less food insecurity, and generally less economic stress. Complementing this mandatory proposal, the Budget provides targeted discretionary increases to address homelessness, including 25,500 new units of permanent, supportive housing to end chronic homelessness, 10,000 new Housing Choice Vouchers targeted to homeless families with children,

**Runaway and Homeless Youth:** While further study is necessary, research and program data suggest that a substantial portion of the young people who enter emergency shelter return to their families' homes within a few weeks. The Budget requests \$2 million to examine strategies to prevent those young people from experiencing homelessness at all and to more successfully ensure that, once youth reunify with their families, they do not return to homelessness. The Budget also proposes \$2 million to expand transitional housing for those young people who are not able to quickly return to stable housing. In addition, the Budget requests \$2 million to build on the efforts by the Department of Housing and Urban Development, in conjunction with HHS, to conduct a nationwide study of young people experiencing homelessness to better understand the entire population of young people who experience homelessness.

### ***Expanding the EITC for Childless Workers***

The Earned Income Tax Credit (EITC) available to "childless" workers – workers without dependent children and non-custodial parents – is much smaller with a maximum of about \$500, phases out when workers still have very low earnings, and is unavailable to workers under age 25. The Budget will double the maximum credit for these workers (to roughly \$1,000), making the credit available to workers up to about 150 percent of the poverty line. It would also expand eligibility to workers age 21-24 – encouraging employment and on-the-job experience for young adults and helping them to make ends meet – and age 65 to 66 – to match long-scheduled increases in the Social Security retirement age. Altogether, the proposal would reduce poverty and hardship for 13.2 million low-income workers, while promoting work.

### ***Addressing the Opioid Epidemic***

Across the nation in 2014, nearly 29,000 individuals died from opioid overdose, primarily prescription pain relievers and heroin. The Budget includes \$1 billion in new mandatory funding over two years to expand access to treatment for prescription drug abuse and heroin use. It will also include approximately \$500 million -- an increase of more than \$90 million -- to continue and build on current efforts across the Departments of Justice and Health and Human Services to expand state-level prescription drug overdose prevention

strategies, increase the availability of medication-assisted treatment programs, improve access to the overdose-reversal drug naloxone, and support targeted enforcement activities.

### ***Nutrition Proposals***

**SNAP:** In large part because of administrative complexities associated with application and recertification, elderly individuals continue to be an underserved population. To help address this concern, the Budget proposes to allow States to streamline application and recertification processes to improve SNAP access for the elderly.

**Summer Electronic Benefits Transfer (EBT) for Children:** To reduce child hunger during the summer, the Budget proposes an investment of \$12 billion over ten years through a permanent Summer EBT for Children program. This would provide supplemental food benefits during the summer months for all families with children eligible for free and reduced price school meals.

### ***Youth Employment and Training***

**Opening Doors for Youth:** The Budget proposes \$5.5 billion over four years for the Opening Doors for Youth Program. This program will center on making a commitment to a first job and a degree for out-of-school and at-risk youth. The program would provide \$3.5 billion over four years in formula grants to support paid employment opportunities to youth. Of this amount, \$1.5 billion would support summer job opportunities linked to career information and training opportunities. This funding would require a 50 percent match of youth wages through a combination of other public, business sector, and philanthropic funding, and would provide approximately 1 million more youth summer employment opportunities.

**Opportunity Youth:** Another \$2 billion would be invested in first jobs for Opportunity Youth (out-of-school, out-of-work youth), providing up to a year of paid work. Each state would be able to design its own implementation, but there would be a 20 percent non-federal match. With this investment, about 150,000 young adults who are out of school and work would gain access to paid employment.

**Connecting for Opportunities:** An additional \$2 billion would be used to launch Connecting for Opportunities, competitive grants to transform communities with high rates of youth disengagement, high school dropouts, and unemployment into places of opportunity for young adults to help them succeed in school and the labor force. The Departments of Education and Labor will jointly administer the Connecting for Opportunities program.

**WIOA Youth Activities:** WIOA authorizes services to low-income youth ages 14 through 21 for in-school youth and ages 16 to 24 for out-of-school youth with barriers to employment.

While the program serves both in-school and out-of-school youth, WIOA requires that 75% of funds be used to serve out-of-school youth, in order to focus resources on youth facing the greatest challenges in gaining skills and good employment. The FY 2017 Budget requests \$902 million for WIOA Youth activities, a \$28.7 million increase compared to FY 2016.

### ***Block Grants***

**Community Services Block Grant:** The Budget requests provides \$674 million, the same as FY 2016.

**Low Income Home Energy Assistance Program (LIHEAP)** The Budget includes \$3 billion for LIHEAP, a \$390 million decrease in funding.

**Social Services Block Grant:** The SSBG would be frozen at current levels. There would be a new set-aside of \$10 million to fund a small diaper pilot project, which will enable government agencies or nonprofits to test approaches to provide low-cost diapers to low-income families with infants and toddlers.