August 3, 2016

The Honorable Mitch McConnell
Majority Leader
United States Senate
U.S. Capitol Building, Room: S-230
Washington, DC 20510

The Honorable Harry Reid
Minority Leader
United States Senate
U.S. Capitol Building, Room: S-221
Washington, DC 20510

The Honorable Paul Ryan
Speaker
United States House of Representatives
U.S. Capitol Building, Room: H-232
Washington, DC 20515

The Honorable Nancy Pelosi
Minority Leader
United States House of Representatives
U.S. Capitol Building, Room: H-204
Washington, DC 20515

Dear Majority Leader McConnell, Minority Leader Reid, Speaker Ryan and Minority Leader Pelosi,

On behalf of the National Association of Counties (NACo), which represents the nation's 3,069 counties, I am writing to urge that the Family First Prevention Services Act (H.R. 5456) be amended to ensure it strengthens and does not impede the ability of state and county child welfare agencies to improve the safety and well-being of children under their care.

We support the bill's goals of increasing prevention services to enable at-risk children to live safely in their homes, reduce the use of congregate (group home) care, and improve such care when needed. Many counties have been leading the way in achieving these goals, using their authority under current law or cost neutral federal Title IV-E waivers. In fact, states in which counties administer foster care account for most of the total IV-E waiver expenditures on prevention services aimed at reducing the use of congregate care and other foster care placements.

Counties are concerned, however, that H.R. 5456 in its current form could seriously hamper the ability of states and counties to protect and serve children by significantly reducing overall federal child welfare funding. As estimated by the Congressional Budget Office (CBO), the bill would provide $1.33 billion over 10 years in new IV-E foster care prevention funding while reducing IV-E federal foster care and adoption assistance expenditures by $1.63 billion.

The federal cost reductions come through two main strategies. First, the bill cuts an estimated $910 million in federal foster care reimbursements. These cuts mainly stem from new federal congregate care requirements, such as necessitating a qualified residential treatment facility, which can have as few as seven beds, have "registered or licensed nursing staff and other qualified staff who are on-site during business hours." Such a requirement would be extremely costly and burdensome to meet, especially for facilities located in rural areas. Additionally, the number of children placed in a facility can vary significantly over time – a facility can have seven beds, but fewer children placed in it at any given time, including few, if any, children who are eligible for IV-E reimbursement. CBO estimates these changes will make most children placed in group homes federally ineligible for IV-E funding assistance, leaving states and counties to support (or close) these homes. One of the most important lessons from the over 70 IV-E waivers to date is that a one-size-fits-all solution for improving child welfare outcomes does not work.

Additionally, the bill shifts $720 million in costs to states (and many counties) by eliminating federal reimbursement for adoption benefits provided to 110,000 adoptive families: local governments would need to cover these costs, or they would risk losing adoptive families over cost concerns. In both financing changes, counties stand to lose significant federal resources, which could prevent them from further reducing the use of congregate care in their communities and perpetuate the strain on already limited resources for prevention efforts.

We are also concerned that these major cost shifts and new federal requirements will make it harder for many states and counties to increase their current total spending on foster care prevention services. Maintaining and increasing this spending is required for states and counties to receive the new federal matching funds for such services. Under H.R. 5456, IV-E funds only will match state (and local) spending on prevention services in a state in a fiscal year that exceeds the amount spent on such services in FY 2014, including federal or state Temporary Assistance for Needy Families (TANF) and Social Services Block Grant (SSBG) spending. In some future years, it may be impossible for a state to receive any prevention matching funds if its economic and budget conditions are worse and/or its available TANF and SSBG funding is less than in FY 2014.

NACo supports the goals of providing prevention services and reducing congregate care placements. We urge the Senate to amend the bill to address the concerns we have with the above provisions. An amended bill will assist counties in further strengthening their systems to serve at-risk children and their families.

Sincerely,

Matt Chase
Executive Director