BALTIMORE SUN, FEBRUARY 14, 1999

Foster care bill would double funds for assistance programs

Proposal aims to ease transition to adulthood after children turn 18

By David Folkenflik
Sun National Staff

WASHINGTON -- Seventeen-year-old Montrey Bowie of Frederick is poised to receive his high school equivalency degree in a few months, and he has an entry-level job lined up with a carpenters' union.

But upon his 18th birthday at the end of the summer, federal law requires him to leave the foster care system and strike out on his own, with almost no money in hand.

"I don't want to live a fancy life," said Montrey, who noted he had been taken from his neglectful mother's home at an early age and briefly turned to dealing drugs after running away from indifferent foster parents. "I just want to be treated fairly."

A bill proposed yesterday by Reps. Benjamin L. Cardin, a Baltimore Democrat, and Nancy L. Johnson, a Connecticut Republican, seeks to ease that transition into adulthood by doubling the money the government provides for independent living centers and other programs that attend to foster children after they turn 18.

"It's scandalous that we're telling children, `You're on your own,' " said Johnson, chairwoman of a House subcommittee on human resources. "We're hoping, through this legislation, to get states to focus, to give them more resources."

The House Ways and Means Committee is expected to review the legislation this month, and its prospects appear good in the full House. Aides to the two lawmakers say they are also hopeful that the bill can attract support in the Senate.

At a hearing on the bill yesterday, House Majority Whip Tom DeLay -- the foster father of two teen-agers -- testified in favor of the legislation and promised to work hard for its success.

Ill-equipped for survival

"Too many adolescents leave their foster homes unable to meet their most basic needs for survival," DeLay said. "The current system leaves children who exit the foster care system without the skills and the tools they need to live independently."

President Clinton issued a statement yesterday applauding the legislation, which resembles a provision in his own budget plan, though the president has proposed a somewhat smaller increase in the foster care program.

Each year, between 20,000 and 25,000 foster care wards in this country turn 18. Under current law, the federal housing subsidies given to their foster parents or guardians are cut off at that point, and the youths often lose their eligibility for Medicaid. Studies show that such "graduates" of the foster care system are disproportionately likely to drop out of school, remain unemployed, suffer from psychological distress and become homeless.

This year, Cardin had proposed continuing the housing subsidies to foster parents until their wards turn 21.

The new bill, a bipartisan compromise, would instead set aside $140 million each year for private independent living centers to aid the transition of young adults to independence -- such as the highly structured residential center where Bowie lives.

It would mean about $2 million more each year to Maryland above the $1.2 million in federal money that the state now receives for the community homes.

The $140 million in the Johnson-Cardin bill could be used for housing, vocational training, educational courses or therapeutic counseling. In addition, the bill offers roughly $36 million a year in incentives for states to extend Medicaid coverage to 18-to-21-year-old former foster care children.

And it would set aside $7 million a year to allow foster care children to save more money; they now lose their eligibility for foster care if they have more than $1,000 in assets.

All told, House aides said, the bill would cost about $565 million over five years. Some of that cost would be offset by proposed cuts in wasteful or fraudulent claims in the Supplemental Security Income program for the disabled.

Although he may be given an old car to drive to construction sites in his new job, Montrey told Johnson's subcommittee, it would be hard to find money for a deposit for a telephone or a new apartment.

He credited his outlook to Our House, a private home for teen-age boys in Ellicott City that trained him in carpentry and provides therapeutic services and counseling about living independently.

Need for `a jump-start'

"Kids who have no parents to help them or to give them guidance need a jump-start on life to make them successful and tax-paying citizens," Montrey said. "I am still going to need an adult to talk to who cares about me. I am still going to need an adult who I can trust to help me make decisions. I might even need some counseling, before I go out on my own."

Originally published on May 14 1999

Aging Foster Kids,510
GOP backing bill to aid aging foster kids

WASHINGTON (AP) Republican leaders are promising a vote by next month on legislation to help some of the 20,000 foster children abruptly dropped from state care when they turn 18.

The bipartisan bill is being introduced in the House on Thursday, where it will get high-powered backing from Rep. Tom DeLay, R-Texas, the GOP whip and a foster father.

The bill, which would cost about $500 million over five years, would double funding for a program that helps these young adults make the transition to independence. It would also allow states to extend Medicaid to them through age 21. The package is similar to one proposed by President Clinton in his budget.

``These kids really have been woefully neglected," said Rep. Nancy Johnson, R-Conn. ``The money's never been there."

Johnson, who chairs the Ways and Means human resources subcommittee, said GOP leaders have promised a vote in June. The legislation is expected to clear the Ways and Means Committee by the end of May. DeLay, along with experts in the field, will testify at a subcommittee hearing Thursday.

Abused and neglected children who are removed from their parents' care are supported with government money until they turn 18. Federal and state dollars pay for their expenses in foster homes, treatments in group facilities and medical care.

But that support ends at age 18 even when they have not finished high school and no matter how prepared they are to enter the world.

Congressional Republicans are generally hostile to new social spending particularly spending measured in the hundreds of millions of dollars. But, like other efforts to improve the adoption and foster care system, this measure appears to have bipartisan backing.

Michael Kharfen, a spokesman for the Department of Health and Human Services, noted that congressional Republicans have opposed other administration requests for increased domestic spending.

``We have a track record on child welfare where there's been bipartisan support," Kharfen said.

The legislation being introduced by Johnson and Rep. Ben Cardin, D-Md., would:

Double funding for the Independent Living Program, which teaches foster kids life skills such as how to plan a budget or look for an apartment. The $70 million program would grow to $140 million per year, and states could, for the first time, use some of this money to help the young adults pay for housing.

Allow states to extend Medicaid to these young people. The administration proposed mandatory Medicaid for them, but House experts said that would be too expensive about $400 million over five years. Instead, the House bill would allow states to extend the coverage if they want to, which could cost $200 million.

Tighten rules in the Supplemental Security Income program, which serves poor Americans with disabilities. This is expected to save money that could be used for the foster child program.

Make minor changes in reimbursement rates to state child support programs, saving additional dollars.
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THE WHITE HOUSE

WASHINGTON

May 4, 1999

Warm greetings to everyone observing National Foster Care Month, 1999.

Children are our hope for the future and the promise of a better tomorrow. As we approach the dawn of a new century, we must pledge to give all our children the love, support, encouragement, and opportunity they need to grow into healthy, responsible adults. We have a special responsibility to our country's most vulnerable children -- the thousands of young people who for a variety of reasons can no longer live securely in their own homes with their own families.

America's foster parents are at the forefront of fulfilling this vital responsibility. By providing a stable and nurturing environment, more than 140,000 foster parents in our country help at-risk children cope with their difficulties and achieve their full potential. With an abiding commitment to caring for these children and an unwavering compassion for those in need, foster parents exemplify America at its best.

My Administration has long been committed to strengthening our foster care system and to helping foster children grow up in safe, stable homes and become healthy, self-sufficient adults. One important challenge to our foster care system is that many foster children each year leave the system at the age of 18 without the support of an adoptive family or other permanent relationship. These young people who "age out" of foster care must make a difficult transition to independence without the emotional, social, and financial support that families provide. My Administration continues to address this serious problem. My fiscal 2000 budget includes significant new investments to provide these young people with access to the skills, health care, and education they need to prepare for life on their own.

During this observance, I commend our nation's foster parents for their selfless efforts to help our most vulnerable children, and I salute America's foster children for their indefatigable spirit in the face of tremendous obstacles. Each of you is helping to create a brighter future for our nation.

Hillary joins me in extending best wishes for a successful month.

Bill Clinton

U.S. Department of Health and Human Services, Administration for Children and Families, Administration on Children, Youth and Families, Children's Bureau, www.acf.dhhs.gov/programs/cb

The AFCARS Report

Current Estimates as of January 1999 (1)

How many children were in foster care on March 31, 1998? 520,000

SOURCE AFCARS data submitted for the reporting period 10/1/97 through 3/31/98 (a six-month period) and American Public Human Services Association's (APHSA) 1996 substitute care flow data

NOTES All percentages for children in foster care and waiting to be adopted are solely attributed to AFCARS data (39 States plus the District of Columbia for foster care and 38 States plus the District of Columbia for waiting children), whereas the numbers of children are based on estimates using APHSA and AFCARS data. For all data, some percentages do not add up to 100% and/or the estimated numbers do not add up to the total number in the category due to rounding. Child's disability information has been excluded throughout this report due to unreliability of the data

What were the ages of the children in foster care?

Mean Yrs	9.5	
Median Yrs	9.4	
Under 1 Yr	4%	20,800
1 thru 5 Yrs	27%	140,400
6 thru 10 Yrs	28%	145,600
11 thru 15 Yrs	27%	140,400
16 thru 18 Yrs	13%	67,600
19 + Yrs	1%	5,200

What were the placement settings of children in foster care?

Pre-Adoptive Home	2%	10,400
Foster Family Home (Relative)	29%	150,800
Foster Family Home (Non-Relative)	50%	260,000
Group Home	6%	31,200
Institution	9%	46,800
Supervised Independent Living	1%	5,200
Runaway	1%	5,200
Trial Home Visit	2%	10,400

What were the lengths of stay for the children in foster care?

Mean Months	33	
Median Months	21	
< 1 Month	4%	20,800
1 to 5 Mos	16%	83,200
6 to 11 Mos	15%	78,000
12 to 17 Mos	11%	57,200
18 to 23 Mos	9%	46,800
24 to 29 Mos	6%	31,200
30 to 35 Mos	6%	31,200
3 to 4 Yrs	16%	83,200
5 Yrs or More	18%	93,600

What were the case goals of the children in foster care?

Reunify with Parent(s) or Principal Caretaker(s)	47%	244,400
Live with Other Relative(s)	3%	15,600
Adoption	24%	124,800
Guardianship	4%	20,800
Long Term Foster Care	7%	36,400
Emancipation	7%	36,400
Case Plan Goal Not Yet Established	8%	41,600

Children in Foster Care on March 31, 1998 (continued)

What was the race/ethnicity of the children in foster care?

White	35%	182,000
Black	45%	234,000
Hispanic	13%	67,600
American Indian/Alaskan Native	1%	5,200
Asian/Pacific Islander	1%	5,200
Unknown/Unable to Determine	4%	20,800

NOTE: Hispanic can be of any race

What was the gender of the children in foster care?

Male	51%	265,200
Female	49%	254,800

How many children entered foster care during the period 10/1/97 through 3/31/98? 130,500

What were the ages of the children who entered care during this six-month period?

Mean Yrs	8.4	
Median Yrs	8.2	

Under 1 Yr	12%	15,660
1 thru 5 Yrs	27%	35,235
6 thru 10 Yrs	23%	30,015
11 thru 15 Yrs	28%	36,540
16 thru 18 Yrs	10%	13,050
19 + Yrs	0%	0

What was the race/ethnicity of the children who entered care during this six-month period?

White	45%	58,725
Black	34%	44,370
Hispanic	13%	16,965
American Indian/Alaskan Native	2%	2,610
Asian/Pacific Islander	1%	1,305
Unknown/Unable to Determine	5%	6,525

NOTE Hispanic can be of any race

How many children exited foster care during the period 10/1/97 through 3/31/98? 124,500

What were the ages of the children who exited care during this six-month period?

Mean Yrs	9.9	
Median Yrs	9.8	

Under 1 Yr	4%	4,980
1 thru 5 Yrs	27%	33,615
6 thru 10 Yrs	24%	29,880
11 thru 15 Yrs	25%	31,125
16 thru 18 Yrs	18%	22,410
19 + Yrs	2%	2,490

What was the race/ethnicity of the children who exited care during this six-month period?

White	44%	54,780
Black	35%	43,575
Hispanic	13%	16,185
American Indian/Alaskan Native	2%	2,490
Asian/Pacific Islander	1%	1,245
Unknown/Unable to Determine	5%	6,225

NOTE: Hispanic can be of any race

Children who exited foster care (Continued)

What were the lengths of stay of the children who exited foster care during the period 10/1/97 through 3/31/98?

Mean Months	20	
Median Months	9	
< 1 Month	25%	31,125
1 to 5 Mos	19%	23,655
6 to 11 Mos	13%	16,185
12 to 17 Mos	9%	11,205
18 to 23 Mos	6%	7,470
24 to 29 Mos	5%	6,225
30 to 35 Mos	4%	4,980
3 to 4 Yrs	10%	12,450
5 Yrs or More	10%	12,450

What were the outcomes for the children exiting foster care during the period 10/1/97 through 3/31/98?

Reunification	60%	74,700
Living with Other Relative(s)	13%	16,185
Adoption	12%	14,940
Emancipation	5%	6,225
Guardianship	2%	2,490
Transfer to Another Agency	3%	3,735
Runaway	2%	2,490
Death of Child	<1%	249
Other	1%	1,245

NOTE Deaths are attributable to a variety of causes including medical conditions, accidents and homicide.

How many children are waiting to be adopted? 110,000

NOTES Waiting children are identified as children who have a goal of adoption and/or whose parental rights have been terminated. Children 16 years old and older with a goal of emancipation have been excluded from the estimate

What is the gender distribution of the waiting children?

Male	52%	56,915
Female	48%	53,085

What is the racial/ethnic distribution of the waiting children?

White	28%	30,776
Black	56%	61,549
Hispanic	9%	10,378
American Indian/Alaskan Native	1%	1,092
Asian/Pacific Islander	1%	739
Unknown/Unable to Determine	5%	5,466

NOTE Hispanic can be of any race

How old were the waiting children when they were removed from their parents or caretakers?

Mean Yrs	4.4	
Median Yrs	3.3	
less than 1 Yr	29%	31,909
1-5 Yrs	40%	44,354
6-10 Yrs	22%	24,132
11-15 Yrs	8%	8,404
16-18 Yrs	1%	1,151

How old were the waiting children on March 31, 1998?

Mean Yrs	8.2	
Median Yrs	7.8	
less than 1 Yr	2%	2,310
1-5 Yrs	33%	36,820
6-10 Yrs	36%	40,003
11-15 Yrs	23%	25,451
16-18 Yrs	5%	4,990

Children waiting to be adopted on March 31, 1998 (Continued)

How many months have the waiting children been in continuous foster care?

Mean Mos	38	
Median Mos	30	
less than 1 month	2%	1.897
1 through 5 mos	9%	9.736
6 through 11 mos	10%	10.806
12 through 17 mos	10%	11.482
18 through 23 mos	10%	11.116
24 through 29 mos	10%	10.498
30 through 35 mos	8%	8.476
36 through 59 mos	21%	22.609
60 or more mos	21%	23.380

Where were the waiting children living on March 31. 1998?

Pre-Adoptive Home	8%	8.761
Foster Family Home (Relative)	26%	28.771
Foster Family Home (Non-Relative)	57%	62.522
Group Home	3%	2.829
Institution	5%	5.266
Supervised Independent Living	0%	117
Runaway	1%	589
Trial Home Visit	1%	1.146

How many children in foster care had their parental rights terminated for all living parents? 37,000

As of March 31 1998. how many months had elapsed since the parental rights of these foster children were terminated?

Mean Mos	16
Median Mos	26

How many children were adopted from the public foster care system in FY1997? 31,000

SOURCE The number of adoptions comes from data submitted by States to establish baselines for the Adoption Incentive Program and the Adoption 2002 Presidential Initiative States used a variety of sources The distributions of characteristics of adoptions are derived from data from 41 States. the District of Columbia and Puerto Rico on adoptions which were finalized in FY 1997 and reported to AFCARS by November 15 1998 (unless otherwise noted)
NOTES: The Federal fiscal year runs from October 1. 1996 through September 30. 1997.
Child's special needs status has been excluded due unreliability of the data

What is the gender distribution of the children adopted from the public foster care system?

Male	50%	15.588
Female	50%	15.412

What is the racial/ethnicity distribution of the children adopted from the public foster care system?

White Non-Hispanic	40%	12,503
Black Non-Hispanic	44%	13,540
Hispanic	13%	4,140
American Indian/Alaskan Native	1%	426
Asian/Pacific Islander	1%	392

NOTE. Hispanic can be of any race

Children Adopted in FY 1997 (Continued)

How old were the children when they were adopted from the public foster care system?

Mean Yrs	7.0	
Median Yrs	6.4	
under 1 Yr	2%	509
1-5 Yrs	44%	13.790
6-10 Yrs	37%	11.512
11-15 Yrs	15%	4.568
16-18 Yrs	2%	580

How many months did it take after termination of parental rights for the children to be adopted?

Mean Mos	18	
Median Mos	14	
<1 mos	3%	871
1-5 mos	13%	3.957
6-11 mos	27%	8.487
12-17 mos	20%	6.347
18-23 mos	13%	4.049
24-29 mos	8%	2.526
30-35 mos	5%	1.565
3-4 yrs	8%	2.362
5+ yrs	3%	834

What proportion of the children adopted from the public foster care system are receiving an adoption subsidy?

Receiving subsidy	81%	25.142
Not receiving subsidy	19%	5.858

What was the relationship of the adoptive parents to the child in the public foster care system prior to the adoption?

Non-relative	21%	6.545
Foster parent (unrelated)	64%	19,828
Step-parent	0%	148
Other relative	14%	4.479

NOTE Relatives who were also foster parents were counted as relatives

IL Mtg

Johnson-Chafee

~~$~~400 mil - rewritten 477 section

mandatory if can finance it.

CBO - ~~$~~400 mil - ~~[illegible]~~ /5 - prelim. c 30,000 kids over 5 yrs.

option - Medicaid /CHIP mandate.

1. how many kids are we talking about 65 K nation-wide 18, 19, 20

2 x 5 times ↑ than average kids (mental health "age out" skewed by high kids)

fed. 130 mil yr. → assumes none elig now & all wd.

if receive IV-E - catagorically elig. (almost all states)

if receive TANF/SSI on their own elig for Medicaid (as many as 25% cash asst) cash SSI/TANF

poverty level groups - incomes ↓ 100% pov - cov. , some state

↑ 1115 Waivers - higher on income

CHIP - stops at 19

Ribicoff kids - up to 21 - wd be AFDC - until 21 - dependents -

how they non IV-E "reasonable classification"

HCFA - has said cannot "former" = can't use a past condition

can't start a prov at 18.

— means test.

140/yr - current is 70

c 50% pov.

inapp to expand scope of CHIP - Finance

Chafee - wd not want to switch their coverage - flip them into state only
program - keep CHIP out of it.

write an option - ask Commerce -
State - no waiver - all kids under Medicaid

CBO - Adamson -
ballpark - for an option IV-E & non-IV-E
means test as now
- AFDC
- poverty level gain of 1 - 100% pov.
- no test
- IV-E only
- test if state want. (lowest way = TANF)

pure option, state cd do
a means test, TANF floor.

CBO 26 or 28 mil - more. 50% July 1

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cultural stuff -> Doug -> all of
we shd take a more proactive lead in radio address -
transcribe -> who's writing radio address.
mid - taping tom.

cc: Nicole

Congress of the United States
House of Representatives
Washington, D.C. 20515

Nancy L. Johnson
Sixth District, Connecticut

March 15, 1999

Hillary Rodham Clinton
First Lady
The White House
1600 Pennsylvania Ave, NW
Washington, DC

Dear ~~Mrs. Clinton:~~ Hillary

Thank you for your kind note on foster care and independent living. I am very glad to hear that you share my concern about these programs.

I was pleased the President included among his budget priorities foster care and independent living. As you know, these programs are vital to the well-being of the thousands children of abusive or addicted parents. I welcome this dialogue and hope we can work together to craft a program which will help these children succeed in life.

Very truly yours,

Nancy

Nancy L. Johnson
Member of Congress

To: Barbara Pryor
From: Sue Badeau
Date: March 26, 1999
Re: Numbers of Teens in Foster Care who Are Adopted Per Year

A couple of comments/caveats to begin:

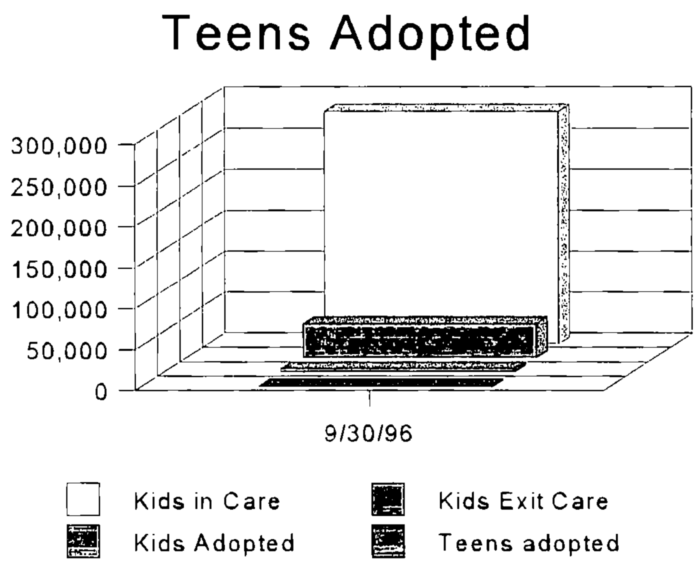
1. There really is NO good data:
   - less than half the states provide the AFCARS data regarding the age distribution of children exiting foster care,
   - states and agencies who do keep data divide it differently, for example the AFCARS break down is children ages "11-15" and "16-18", other agencies keep data on "children adopted over age 12", some use "over age 10" and some use "13 and older"

2. EVERYONE who works in the field of teen adoption agrees that the number is VERY SMALL. I have spoken to several of the national "experts" in teen adoption such as Bob Lewis and Pat O'Brien and others. All agree that the stats from the non-reporting states are likely similar to or smaller than, not larger than, the reporting states (as to numbers of teens adopted).

OK - So here is what we DO know at this time (based on AFCARS & VCIS)
From the Reporting States:

- On September 30, 1996, of the total number of in foster care in these states - 283,679 children of all ages -, 16% (about 45,000 children of all ages) had a permanency goal of adoption,
- Of the 41,966 children who exited foster care in these states (all ages) between April 1 and September 30, 1996, 11% (approx 4,600 children) exited to adoption,
- Between October 1, 1996 and September 30, 1997, 109,315 children in these states (all ages) exited foster care - for any reason. 48% (approx 52,000) of these children were over the age of 11,
- Between October 1, 1996 and September 30, 1997, 15,448 children in these states (all ages) exited to adoption,
- Of those children who were adopted between October 1, 1996 and September 30, 1997 in these states, approximately 16% - 2582 children - were over the age of 11.

Therefore:
- Based on DHHS baselines for the Adoption Incentive Program, 31,030 children were adopted in 1997. If we assume that 16% of these children were over the age of 11 (based on statistics above), ***this would mean that 4964 of the children adopted in 1997 were over the age of 11.***


Teens Adopted
300,000
250,000
200,000
150,000
100,000
50,000
0
9/30/96
Kids in Care
Kids Exit Care
Kids Adopted
Teens adopted

Cc: Nicole

Nancy L. Johnson
Sixth District, Connecticut

Congress of the United States
House of Representatives
Washington, D.C. 20515

March 15, 1999

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First Lady
The White House
1600 Pennsylvania Ave, NW
Washington, DC

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Very truly yours,

Nancy

Nancy L. Johnson
Member of Congress

FACSIMILE TRANSMITTAL COVER SHEET

DEMOCRATIC STAFF
COMMITTEE ON WAYS AND MEANS

DATE: 2/19

TO: Nicole Rabner

FROM: Nick Gwyn

Cover sheet plus 8 pages to follow

TELEPHONE: (202) 225-4021

FAX: (202) 225-5680

PROPOSAL TO HELP CHILDREN WHO ARE "AGING OUT" OF FOSTER CARE

The Transition to Adulthood Program (TAP)

1. Allow states the option of extending IV E eligibility to the age of 21 for foster children who are: completing their secondary education; enrolled in post-secondary education or vocational training; or employed for at least 20 hours a week. Furthermore, each eligible individual would be required to have a specific case plan for achieving independence.

    - States would be allowed to use these funds to establish supervised, transitional living arrangements for eligible recipients. Such arrangements could include supervised apartment settings, eligible individuals living with "mentors", or other accommodations that foster independence. These living arrangements must build skills that promote personal responsibility and lead to self-sufficiency, such as living on a set budget and shopping for food and other necessary items.

    - States also could spend the extended IV E funding under TAP for employment and education programs.

    - The continuation of IV E status would allow eligible individuals to retain Medicaid coverage.

2. The Work Opportunity Tax Credit (WOTC) would be expanded to include all individuals who were in foster care the day before their 18th birthday. The WOTC provides a maximum tax credit of $2,400 for employers who hire eligible individuals.

3. The amount of assets that children in foster care can save without impacting their eligibility for Federal IV E maintenance payments would be increased from $1,000 to $10,000 (for recipients in both traditional foster care and the new TAP program).

4. The Department of Health and Human Services would be required to establish an action plan to promote a collaboration between programs within HHS and within other federal agencies to promote the self-sufficiency of children aging out of foster care, including linkages to existing housing, educational, and employment programs.

5. The funding formula for the current Independent Living Program would be updated to reflect state foster care caseloads in 1996 rather than 1984. The update would include a hold-harmless provision to insure that all states receive at least their current funding level. This would raise overall funding for the program to approximately $83 million a year (a $13 million increase).

....

(Original Signature of Member)

106TH CONGRESS
1ST SESSION

H. R. 671

IN THE HOUSE OF REPRESENTATIVES

Mr. CARDIN introduced the following bill; which was referred to the Committee on ____________________

A BILL

To amend part E of title IV of the Social Security Act to help children aging out of foster care to make the transition to becoming independent adults, to amend the Internal Revenue Code of 1986 to expand the work opportunity tax credit to include individuals who were in foster care just before their 18th birthday, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Transition to Adulthood Program Act of 1999".

SEC. 2. TRANSITION OF FOSTER CHILDREN TO SELF-SUFFICIENCY.

(a) IN GENERAL.—Section 472 of the Social Security Act (42 U.S.C. 672) is amended by adding at the end the following:

"(i) Each State with a plan approved under this part may make foster care maintenance payments (as defined in section 475(4)) under this part with respect to a child who has not attained 21 years of age and who would otherwise be ineligible for such payments by reason of age, but only if the child—

"(1) is—

"(A) in the process of completing secondary education;

"(B) enrolled in an institution that provides postsecondary education or vocational training; or

"(C) employed for at least 80 hours per month; and

"(2) has a case plan which includes a specific plan for how the child will achieve independent living, and which provides for the child to reside in a setting that promotes personal responsibility and encourages self-sufficiency.".

(b) PROVISION OF NONRESIDENTIAL SERVICES TO ASSIST IN THE TRANSITION TO INDEPENDENT ADULT LIVING.—Section 475(4)(A) of such Act (42 U.S.C. 675(4)(A)) is amended by adding at the end the following: "In the case of a child described in section 472(i), such term shall also include payments with respect to the child for programs designed to promote the education, training, or employment of the child.".

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on October 1, 1999.

SEC. 3. QUALIFIED FORMER FOSTER CARE RECIPIENTS ESTABLISHED AS A TARGETED GROUP FOR PURPOSES OF COMPUTING THE WORK OPPORTUNITY CREDIT FOR EMPLOYMENT OF CERTAIN NEW EMPLOYEES.

(a) GENERAL RULE.—Paragraph (1) of section 51(d) of the Internal Revenue Code of 1986 (relating to members of targeted groups) is amended by striking "or" at the end of subparagraph (G), by striking the period at the end of subparagraph (H) and inserting ", or", and by adding at the end the following new subparagraph:

"(I) a qualified former foster care recipient.".

(b) QUALIFIED FORMER FOSTER CARE RECIPIENT DEFINED.—Section 51(d) of such Code (relating to members of targeted groups) is amended by redesignating paragraphs (10), (11), and (12) as paragraphs (11), (12), and (13), respectively, and by inserting after paragraph (9) the following new paragraph:

"(10) QUALIFIED FORMER FOSTER CARE RECIPIENT—The term 'qualified former foster care recipient' means an individual who is certified by the local designated agency as—

"(A) having attained age 18 but not age 25 on the hiring date, and

"(B) on the day before attaining age 18 being either—

"(i) a recipient of foster care maintenance payments under a State plan approved under part E of title IV of the Social Security Act, or

"(ii) in the case of any individual not described in clause (i), in foster care under the responsibility of a State.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to individuals who begin work for the employer after December 31, 1999.

SEC. 4. INCREASE IN AMOUNT OF ASSETS ALLOWABLE FOR CHILDREN IN FOSTER CARE.

Section 472(a) of the Social Security Act (42 U.S.C. 672(a)) is amended by adding at the end the following: "In determining whether a child would have received aid under a State plan approved under section 402 (as in effect on July 16, 1996), a child whose resources (determined pursuant to section 402(a)(7)(B), as so in effect) have a combined value of not more than $10,000 shall be considered to be a child whose resources have a combined value of not more than $1,000 (or such lower amount as the State may determine for purposes of such section 402(a)(7)(B)).".

SEC. 5. INTERAGENCY COLLABORATION TO PROMOTE SELF-SUFFICIENCY OF CHILDREN AGING OUT OF FOSTER CARE.

The Secretary of Health and Human Services shall establish an action plan to promote collaboration between programs of the Department of Health and Human Services and programs of other Federal agencies, including housing programs, educational programs, and employment programs, for the purpose of promoting the self-sufficiency of children aging out of foster care.

SEC. 6. UPDATING OF FUNDING FORMULA FOR THE FOSTER CARE INDEPENDENT LIVING INITIATIVES PROGRAM.

(a) USE OF UPDATED FOSTER CARE DATA.—Section 477(e)(1) of the Social Security Act (42 U.S.C. 677(e)(1)) is amended by striking all that precedes subparagraph (C) and inserting the following:

"(e)(1)(A) The basic amount for a State for a fiscal year shall be an amount which bears the same ratio to the basic ceiling for the fiscal year as the State's average number of children receiving foster care maintenance payments under this part in fiscal year 1996 bears to the total of the average number of children receiving such payments under this part for all States for fiscal year 1996.

"(B) The maximum additional amount for a State for a fiscal year shall be an amount which bears the same ratio to the additional ceiling for the fiscal year as the basic amount for the State for the fiscal year bears to $58,000,000.".

(b) FUNDING INCREASE.—Section 477(e)(1)(C)(i) of such Act (42 U.S.C. 677(e)(1)(C)(i)) is amended to read as follows:

"(i) The term 'basic ceiling' means $58,000,000 for fiscal year 2000 and each succeeding fiscal year.".

(c) HOLD HARMLESS PROVISION.—Section 474(a)(4) of such Act (42 U.S.C. 674(a)(4)) is amended to read as follows:

"(4) an amount equal to the greater of—

"(A) the sum of—

"(i) so much of the amounts expended by the State to carry out programs under section 477 as do not exceed the basic amount for the State for the fiscal year, as determined under section 477(e)(1)(A); and

"(ii) the lesser of—

"(I) one-half of any additional amounts expended by the State for such programs; or

"(II) the maximum additional amount for the State for the fiscal year, as determined under section 477(e)(1)(B); or

"(B) the total amount required to be paid to the State under this paragraph (as in effect on September 30, 1999) for fiscal year 1999.".

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on October 1, 1999.

OFFICE OF MANAGEMENT AND BUDGET

Legislative Reference Division
Labor-Welfare-Personnel Branch

Telecopier Transmittal Sheet

URGENT

URGENT

FROM: **Melinda Haskins** **395-3923**

DATE: 2/21/99 **TIME:** 1:00 p.m.

Pages sent (including transmittal sheet): 8

COMMENTS:

Revised (per HHS) "independent living" proposed language for inclusion in Omnibus bill.

TO: Nicole Rabner

Can you OK? Need signoff ASAP 2/22/99. Thanks.
MH

From: Matthew McKearn on 02/19/99 06:01:44 PM

Record Type: Record

To: Melinda D. Haskins/OMB/EOP@EOP

cc: Jack A. Smalligan/OMB/EOP@EOP, Jennifer Friedman/OMB/EOP@EOP, Janet R. Forsgren/OMB/EOP@EOP

Subject: revised independent living language

I have reviewed the revised independent living drafy legislative language that Gail Collins faxed to Bob Pellicci. The changes are all acceptable to IM.

The first change allows the Secretary to update the basis for allocating Independent Living grants to States based on the most recently available data.

The second change makes youth eligible to receive transitional support program assistance if they meet the age requiremenst and have received foster care payments within the past six months. The prior language required youth to be receiving foster care payments <u>immediately</u> before participation in the transitional support program.

The third change requires that the evaluation of State programs be completed by October 1, 2002, as required by OMB.

ADMINISTRATION FOR CHILDREN AND FAMILIES

Office of Legislative Affairs and Budget

FAX

Date: 2-19-99

Number of pages including cover sheet: 6

To: Bob Pellicci
OMB

Phone: 395-4871

Fax phone: 395-6148

CC:

From: Gail Collins
ACF/OLAB

Phone: 205-8552

Fax phone: 401-4562

REMARKS: ☐ Urgent ☐ For your review ☐ Reply ASAP ☐ Please comment

Attached is the re-drafted Independent Living and Transitional Support legislative proposal.

370 L'Enfant Promenade, S.W., Washington, D.C. 20447

Subtitle __ - Independent Living and Transitional Support

Subtitle __ would amend the Independent Living (IL) program under title IV-E of the Social Security Act to: (1) update the funding formula (currently based on data on children in foster care in 1984); and (2) increase program funding for each of FYs 2000 through 2003 by $35 million to a total of $105 million. This subtitle would also appropriate $50 million over four years for a new program of competitive grants to States for transitional support (TS) programs providing maintenance payments for subsistence needs of youths between 18 and 21 who (1) had formerly been receiving title IV-E foster care maintenance payments, (2) were enrolled in the State IL program, and (3) had an IL plan for transition to adulthood that included participation in an educational or job training program. The Secretary would be required to evaluate the State TS programs by October 1, 2002.

TITLE __-HUMAN SERVICES

Subtitle __-Independent Living and Transitional Support

SEC. ___. INDEPENDENT LIVING.

Section 477(e)(1) of the Social Security Act (42 U.S.C. 677(e)(1)) is amended--

(1) in subparagraph (A)-

(A) by striking "fiscal year 1987" and inserting "fiscal year 2000";

(B) by striking "shall be an amount" and inserting "shall be an amount equal to the greater of (i) subject to subparagraph (D), an amount";

(C) by striking "average" each place it appears;

~~(C)~~(D) by striking "in fiscal year 1984" and inserting "in the ~~third fiscal~~ year most recent preceding such fiscal year (as determined by the Secretary) for which adequate State data are available on the numbers of children receiving such payments"; and

~~(D)~~(E) by striking "for fiscal year 1984," and inserting "for such ~~third~~ preceding fiscal year, or (ii) the amount to which the State was entitled under this subparagraph for fiscal year 1984."

(2) in subparagraph (B)--

(A) by striking "The" and inserting "Subject to subparagraph (D), the";

[NOTE TO ACF: The references to "subparagraph (D)" in paragraphs (1)(B) and (2)(B) of this section are to the new section 477(e)(1)(D), which is added <u>inside the quotation marks</u>

on the next page of this bill. The references do not need to be changed.]**

(B) by striking "fiscal year 1991" and inserting "fiscal year 2000"; and

(C) by striking "$45,000,000." and inserting "$60,000,000."

(3) in subparagraph (C)—

(A) by striking all that follows "(C) As used in this section:" and inserting the following:

"(i) The term "basic ceiling" means $60,000,000 for fiscal year 2000 and each succeeding fiscal year.

"(ii) The term "additional ceiling" means $45,000,000 for fiscal year 2000 and each succeeding fiscal year. "; and

(4) by adding at the end the following new subparagraph:

"(D) The amounts to which States would otherwise be entitled under subparagraph (A)(i) or (B)(i) shall be ratably reduced as necessary to ensure that the total amounts of State entitlements under such paragraphs do not exceed the ceilings applicable under subparagraph (C).".

SEC.___. TRANSITIONAL SUPPORT PROGRAM FOR OLDER YOUTH.

Section 477 of the Social Security Act (42 U.S.C. 677) is amended by adding at the end the following new subsection:

"(k) TRANSITIONAL SUPPORT PROGRAM FOR OLDER YOUTH.—

"(1) IN GENERAL.—The Secretary shall establish a program of competitive grants to States for transitional support programs providing, to eligible youths aged 18 to 21, maintenance payments for the purpose of meeting subsistence needs as defined in section 475(4)(A). Grants to States shall be available to pay a share equal to the Federal Medical Assistance percentage (as defined in section 1905 (b)) of State expenditures for the program under this subsection.

"(2) STATE PROGRAM REQUIREMENTS.—In order to be eligible for a competitive grant under this subsection a State must agree—

"(A) to expend not more than 5 percent of the grant funds for administrative costs; and

"(B) to provide any information that the Secretary finds necessary for, and to cooperate with, evaluations conducted by the Secretary.

"(3) ELIGIBILITY CRITERIA FOR YOUTH.—In order to be considered as a candidate to be eligible to receive benefits under a State program under this subsection an individual must —

"(A) have attained age 18 but be under age 21;

"(B) have been receiving foster care maintenance payments under this part ~~immediately before~~ within six months prior to participation;

"(C) be enrolled in a State independent living program under this section; and

"(D) have an independent living plan for transition into adulthood which includes participation in an educational or job training program.

"(4) EVALUATION OF STATE PROGRAMS.—

"(A) IN GENERAL.—The Secretary shall complete an evaluation of the State programs under this subsection no later than October 1, ~~2002~~ 2001 **2002**.

"(B) FUNDING.—From amounts appropriated under paragraph (5), up to $250,000 for fiscal year 2000, and up to $750,000 for each of fiscal years 2001 and 2002, shall be available to conduct the evaluation required under this paragraph.

"(5) APPROPRIATIONS.—There are appropriated out of any funds in the Treasury not otherwise appropriated, to carry out this subsection—

"(A) $5,000,000 for fiscal year 2000;

"(B) $10,000,000 for fiscal year 2001;

"(C) $15,000,000 for fiscal year 2002; and

"(D) $20,000,000 for fiscal year 2003.

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*** TX REPORT ***
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cc: Liebman
Orszag
Kagan
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Mr. Clinton's tax-cut deceit

In shamelessly attempting to reconstruct his Universal Savings Accounts (USA) initiative in the guise of a tax cut, Bill Clinton has erased any doubts one might have had about the popularity of reducing taxes. Whatever the polls appear to be saying about the public's support — or supposed lack of support — for cutting taxes, it should now be clear that Mr. Clinton is convinced that he cannot concede the issue to his Republican opponents. The problem for taxpayers is that the president cannot tell the difference between government spending and tax reduction.

When Mr. Clinton first showcased his USA proposal in his Jan. 19 State of the Union address, he did not describe it as a tax cut. Instead, he characterized the plan for what it was — a 15-year, $500 billion income-redistribution program that would be financed by maintaining the federal tax level at a near-record percentage of the economy's total output. White House officials described USAs as a means for government to provide subsidies for low- and middle-income workers to help them establish savings pools for retirement. The amount of income transferred would be a direct function of the earnings of the recipient: the lower the earnings, the higher the transfer payment. At the time USAs were being described following the State of the Union speech, nobody in the administration characterized them as tax cuts.

When the president issued his fiscal 2000 budget on Feb. 1, his budget message in no way suggested that USAs represented tax reduction. In the budget's "Analytical Perspectives" volume, the administration spends several pages meticulously describing dozens of micro-managed tax cuts, including "a new [maximum $1,000] tax credit for purchasers of roof-top photovoltaic systems and solar water heating systems located on or adjacent to the building for uses other than heating swimming pools."

While the president's budget finds room to prohibit the application of a new $1,000 tax credit to solar water heating systems for swimming pools, it somehow fails to identify USAs — a 15-year, $500 billion program — as a tax cut. The reason is simple: Until Mr. Clinton found it politically convenient — and, apparently, politically necessary — to characterize his USA proposal as a tax cut, he and his tax-and-spend-obsessed administration were happy to characterize USAs as the tax-and-spend program they are.

In fact, the tax increases Mr. Clinton proposed dwarfed his relatively minuscule tax cuts to such an extent that his 2000-2004 budget plan was widely — and correctly — reported to raise net taxes by nearly $50 billion. And nobody heard a peep from the White House — until this week.

Now, Mr. Clinton and his spokesmen have found it advantageous to refer to the USA proposal as a tax cut, as he did Wednesday. Discussing his USA proposal, the president declared, "We want to make it possible, through the tax cut, to have more people save for their own retirement."

Grover Norquist, the president of Americans for Tax Reform and a man who knows a tax cut when he sees one, offered the administration help in distinguishing between government spending and tax reduction. "If Bill Clinton and the bureaucrats in Washington decide how to spend my money, then it's spending," Mr. Norquist explained. "If I decide, it's a tax cut." It's as simple as that. Any Rhodes Scholar, even President Clinton, ought to be able to figure it out.

Make home, not war

't took 15 s, a chase ac three continents, and Turkish intelligence work, but -enforce-

ods at all. Still, in the end they e led to feel sympathy because they are revolted by m poli-

TITLE __–HUMAN SERVICES

Subtitle __–Independent Living and Transitional Support

SEC. ___. INDEPENDENT LIVING.

Section 477(e)(1) of the Social Security Act (42 U.S.C. 677(e)(1)) is amended–

(1) in subparagraph (A)–

(A) by striking "fiscal year 1987" and inserting "fiscal year 2000";

(B) by striking "shall be an amount" and inserting "shall be an amount equal to the greater of (i) subject to subparagraph (D), an amount";

(C) by striking "in fiscal year 1984" and inserting "in the third fiscal year preceding such fiscal year";

(D) by striking "for fiscal year 1984." and inserting "for such third preceding fiscal year, or (ii) the amount to which the State was entitled under this subparagraph for fiscal year 1984."

(2) in subparagraph (B)—

(A) by striking "The" and inserting "Subject to subparagraph (D), the";

(B) by striking "fiscal year 1991" and inserting "fiscal year 2000"; and

(C) by striking "$45,000,000." and inserting "$60,000,000."

(3) in subparagraph (C)—

(A) by striking all that follows "(C) As used in this section:" and inserting the following:

"(i) The term "basic ceiling" means $60,000,000 for fiscal year 2000 and each succeeding fiscal year.

"(ii) The term "additional ceiling" means $45,000,000 for fiscal year 2000 and each succeeding fiscal year. "; and

(4) by adding at the end the following new subparagraph:

"(D) The amounts to which States would otherwise be entitled under subparagraph (A)(i) or (B)(i) shall be ratably reduced as necessary to ensure that the total amounts of State entitlements under such paragraphs do not exceed the ceilings applicable under subparagraph (C).".

SEC.___. **TRANSITIONAL SUPPORT PROGRAM FOR OLDER YOUTH.**

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"(k) TRANSITIONAL SUPPORT PROGRAM FOR OLDER YOUTH.—

"(1) IN GENERAL.—The Secretary shall establish a program of competitive grants to States for transitional support programs providing, to eligible youths aged 18 to 21, maintenance payments for the purpose of meeting subsistence needs as defined in section 475(4)(A). Grants to States shall be available to pay a share equal to the Federal Medical Assistance percentage (as defined in section 1905 (b)) of State expenditures for the program under this subsection.

"(2) STATE PROGRAM REQUIREMENTS.—In order to be eligible for a competitive grant under this subsection a State must agree—

"(A) to expend not more than 5 percent of the grant funds for administrative costs; and

"(B) to provide any information that the Secretary finds necessary for, and to cooperate with, evaluations conducted by the Secretary.

"(3) ELIGIBILITY CRITERIA FOR YOUTH.—In order to be considered as a candidate to be eligible to receive benefits under a State program under this subsection an individual must —

"(A) have attained age 18 but be under age 21;

"(B) have been receiving foster care maintenance payments under this part immediately before participation;

"(C) be enrolled in a State independent living program under this section; and

"(D) have an independent living plan for transition into adulthood which includes participation in an educational or job training program.

"(4) EVALUATION OF STATE PROGRAMS.—

"(A) IN GENERAL.—The Secretary shall complete an evaluation of the State programs under this subsection no later than October 1, 2002.

"(B) FUNDING.—From amounts appropriated under paragraph (5), up to $250,000 for fiscal year 2000, and up to $750,000 for each of fiscal years 2001 and 2002, shall be available to conduct the evaluation required under this paragraph.

"(5) APPROPRIATIONS.—There are appropriated out of any funds in the Treasury not otherwise appropriated, to carry out this subsection—

"(A) $5,000,000 for fiscal year 2000;

"(B) $10,000,000 for fiscal year 2001;

"(C) $15,000,000 for fiscal year 2002; and

"(D) $20,000,000 for fiscal year 2003.

THE WHITE HOUSE

February 10, 1999

The Honorable Nancy Johnson
U.S. House of Representatives
Washington, D.C. 20515

Dear Congresswoman Johnson:

I know of your concern for children in foster care and understand that we share an interest in providing greater support to the roughly 20,000 young people who "emancipate" from foster care each year and transition to independence. I am enclosing background material on the President's budget request in this area, and am pleased that you plan to hold a hearing on this important issue. I look forward to working with you in the months ahead to enable these young people to live up to their God-given potentials.

With warm regards, I am

Sincerely yours,

Hillary Rodham Clinton

Hillary Rodham Clinton

From: Matthew McKearn on 12/01/98 06:13:25 PM

Record Type: Record

To: Nicole R. Rabner/WHO/EOP

cc: Jack A. Smalligan/OMB/EOP

Subject: Re: IV-E Eligibility Extension

I did have several conversations with HHS staff and they estimated an annual cost of nearly $50 million for extending IV-E benefits an additional year. This is clearly a high-end estimate--it assumes that everyone receiving maintenance payments on their 18th birthday would continue to receive them for a full additional year.

Two factors are likely to reduce the cost significantly: 1) many youth may choose not to stay in a setting that would allow for continued maintenance payments; and 2) not all States would elect to serve any or all youth up to age 18. HHS did not have a sense of how these two factors might affect the cost.

I also discussed an alternative with HHS that would provide Federal reimbursement to youth in full-service residential programs. Existing models use a combination of Independent Living funds and other Federal, State, local and private sources to support comprehensive programs. These programs frequently cite the lack of funds for housing and living expenses as a barrier to serving greater numbers of emancipated, or soon-to-be emancipated youth. HHS wasn't able to provide an estimate of the cost of funding these services. My own guess would be that it would as little as $5 million annually at initiation, but could increase to as much as $20 million annually over time.

From: Matthew McKearn on 01/06/99 02:03:48 PM

Record Type: Record

To: Nicole R. Rabner/WHO/EOP

cc: Jack A. Smalligan/OMB/EOP
Subject: IV-E Independent living initiative

Below are revised draft inserts for the budget chapters describing the foster care initiative. The working families chapter currently in circulation does not include the revised language. The revised language is sufficiently broad to include either IV-E entitlement or capped mandatory grant funding.

Also attached is an edited version of ACF's one-pager. I think it is important to push for competitively awarded grant funds, rather than formula-allocated. Let me know what you think after you have had a chance to review it.

SUPPORTING LOW-INCOME, AT-RISK AND WORKING FAMILIES chapter

Supporting Children Leaving Foster Care: The Department of Health and Human Service's Administration for Children and Families administers the Federal Foster Care program. Nearly 20,000 children leave foster care each year having reached the age of 18 without being adopted or finding another permanent relationship. Many of these youth are not adequately prepared for life on their own. Studies show that within 2 to 4 years of leaving foster care only half have completed high school, fewer than half are employed, one-fourth have been homeless for at least one night, 60 percent of the females have given birth, and fewer than one-in-five are completely self-supporting. The Budget proposes a four-part initiative for children aging out of foster care: increasing funds for educational, vocational and support services that aid the transition to independent living; providing matched Federal funding to States that choose to support former foster children in a transitional program beyond age 18; increasing funding for Transitional Living Grants for homeless youth aged 16 to 21; and giving States the option of providing Medicaid coverage to children up to age 21 who received foster care assistance at age 18.

PERFORMANCE Chapter

Foster Care and Adoption Assistance: ACF administers a number of programs that focus on preventing maltreatment of children, protecting children from abuse and neglect and assisting in finding permanent placements for children who cannot safely return to their homes. The Foster Care, Adoption Assistance and Independent Living Programs will support over 600,000 youth monthly at an annual cost of $5.5 billion. The Budget proposes a $55 million initiative to support the transition from foster care to independent living.

As part of the a comprehensive effort to develop performance measures for the child welfare system, ACF is developing specific performance goals for the Independent Living Program that will establish goals for increasing the proportion of children that have graduated from high school, or received a GED within one year of aging out of foster care.

EDITED HHS 1-pager

Foster Care/Supported Transition (FCST) Proposal -- FY 2000

Purpose This is a proposal to amend section 477 of the Social Security Act to extend room and board payments to children who have been ~~or are~~ receiving title IV-E foster care **and** who also participate in a supported transition program as part of the State Title IV-E Independent Living Program. This benefit is designed to take over when a child has, due to age, exhausted his/her IV-E Foster Care eligibility and should be the same level of benefits as would be provided under Title IV-E foster care. The duration of the program for any child is 18 months and participation in this program is at State option.

Funding The program will be a time-limited capped entitlement of the IV-E Independent Living Program. It will have separate funding and requirements from the current Title IV-E Independent Living Program. The funding level for this program will be $5m in FY00, $10m in FY01, $15m in FY02, $20m in FY03. ~~and $25m in FY04.~~

Funds will be ~~allocated~~ **awarded** to the States **on a competitive basis.** ~~according to a formula, such as the number of youth in the State age 18 to 21~~. A State match at the FMAP will be required. Funds will be available from FY 2000 - ~~2004~~ **2003** with a sunset provision. A State may not use more than five percent of the funds for administration of this program.

Child Eligibility Criteria The child must be:

a ~~current or~~ former Title IV-E eligible foster care child and must be eligible for the Title IV-E independent living program;

living in a foster home or a licensed group home or transitional living facility (a transitional living arrangement consists of a licensed and supervised or semi-supervised living arrangement maintained by the State or its designee);

between eighteen and 21 years of age and have exhausted their Title IV-E Foster Care eligibility;

a high school graduate, or currently enrolled in secondary education leading to a high school degree or a high school equivalency degree, or in a training program leading to employment.

Goals related to education and employment shall be a part of the child's independent living plan.

From: Matthew McKearn on 12/31/98 03:27:02 PM

Record Type: Record

To: Nicole R. Rabner/WHO/EOP

cc: Jack A. Smalligan/OMB/EOP
Subject: HHS IV-E proposal

attached is an electronic version of HHS' proposal to provide transitional care to children leaving foster care. I have edited it slightly as noted by the bold lettering and strike out. I have several concerns about this approach that I would like to discuss with you next week:

- allocation of funds to State by formula; some a better job - state
  competitive basis
- individual entitlement vs. grant funding;
- definition of child eligibility to include living in a foster home; and
- the potential for performance goals for the new funding.

Please give me a call after you have had a chance to review this.

ILPOPT.W

Foster Care/Supported Transition (FCST) Proposal -- FY 2000

Purpose This is a proposal to amend section 477 of the Social Security Act to extend room and board payments to children who have been ~~or are~~ receiving title IV-E foster care **and** who also participate in a supported transition program as part of the State Title IV-E Independent Living Program. This benefit is designed to take over when a child has, due to age, exhausted his/her IV-E Foster Care eligibility and should be the same level of benefits as would be provided under Title IV-E foster care. The duration of the program for any child is 18 months and participation in this program is at State option.

Funding The program will be a time-limited capped entitlement of the IV-E Independent Living Program. It will have separate funding and requirements from the current Title IV-E Independent Living Program. The funding level for this program will be $5m in FY00, $10m in FY01, $15m in FY02, $20m in FY03. ~~and $25m in FY04.~~

Funds will be allocated to the States according to a formula, such as the number of youth in the State age 18 to 21. A State match at the FMAP will be required. Funds will be available from FY 2000 - ~~2004~~ **2003** with a sunset provision. A State may not use more than five percent of the funds for administration of this program.

Child Eligibility Criteria The child must be:

- a current or former Title IV-E eligible foster care child and must be eligible for the Title IV-E independent living program;
- living in a foster home or a licensed group home or transitional living facility (a transitional living arrangement consists of a licensed and supervised or semi-supervised living arrangement maintained by the State or its designee);
- between eighteen and 21 years of age and have exhausted their Title IV-E Foster Care eligibility;
- a high school graduate, or currently enrolled in secondary education leading to a high school degree or a high school equivalency degree, or in a training program leading to employment. College, or college?
- Goals related to education and employment shall be a part of the child's independent living plan.

State Eligibility Criteria The State must:

- describe in its Title IV-E Annual Independent Living Plan how funds will be used;
- provide a match at the FMAP level for this program;
- agree to participate in an evaluation of this project;
- agree to provide services and supports through the title IV-E-Foster Care independent living program to children receiving this benefit, including insuring that the FCST program is part of the child's independent living plan;
- agree to meet other criteria required by the Federal agency.

Below is a brief summary of the three proposals targeted at children aging out of foster care. We passed-back on the IV-E extension to HHS Monday evening. They are now in the process of reviewing the proposal internally.

Supporting Children Leaving Foster Care

Background An estimated 20,000 children leave foster care each year having reached the age of 18 without being adopted or finding another permanent relationship. These youth are troubled. Studies that examined former foster youth 2 to 4 years after leaving care found that only half had completed high school, less than half were employed and only about 40 percent had held a job for one year or more. One-fourth had been homeless for at least one night, 60 percent of the females had given birth, and fewer than one-in-five were completely self-supporting.

Proposal The Administration is proposing a three-part program to support youth leaving the foster care system: increasing funding for the Independent Living Program by half, from $70 million to $105 million; allowing States to claim Federal reimbursement for youth in comprehensive residential transition programs up to age 19; and augmenting funding for Transitional Living Grants for homeless youth aged 16 to 21.

Independent Living The Independent Living Program funds services to foster children age 16 to 21 to assist the transition to independent living by earning a high school diploma, or participating in vocational or life-skills training. Its funding has been frozen at $70 million since 1992.

Expanded IV-E eligibility One of the shortcomings of the Independent Living Program is that there are no Federal funds to pay the housing and other living costs of youth older than 18. Expanding eligibility for foster care payments up to age 19 provides additional support for comprehensive residential transition programs. Only youth in comprehensive programs would be eligible for an additional year of support. OMB estimates the FY 2000 cost of this proposal at $5 million, and the 4-year cost at $50 million.

Transitional Living The $5 million increase in Transitional Living Grants will fund services to youth who become homeless after leaving foster care.

Improved Outcomes This proposal would also require an evaluation of the Independent Living Program that would be due one year prior to reauthorization of the higher funding levels. HHS would also be required to develop performance goals for Independent Living that, at a minimum, would set targets for the proportion of children that would be emancipated from foster care with a high school diploma.

FY 2000 BUDGET -- OMB OUTLINE OF EMANCIPATION FROM FOSTER CARE

Below is a brief summary of the three proposals targeted at children aging out of foster care. We passed-back on the IV-E extension to HHS Monday evening. They are now in the process of reviewing the proposal internally.

Supporting Children Leaving Foster Care

Background An estimated 20,000 children leave foster care each year having reached the age of 18 without being adopted or finding another permanent relationship. These youth are troubled. Studies that examined former foster youth 2 to 4 years after leaving care found that only half had completed high school, less than half were employed and only about 40 percent had held a job for one year or more. One-fourth had been homeless for at least one night, 60 percent of the females had given birth, and fewer than one-in-five were completely self-supporting.

Proposal The Administration is proposing a three-part program to support youth leaving the foster care system: increasing funding for the Independent Living Program by half, from $70 million to $105 million; allowing States to claim Federal reimbursement for youth in comprehensive residential transition programs up to age 19; and augmenting funding for Transitional Living Grants for homeless youth aged 16 to 21.

Independent Living The Independent Living Program funds services to foster children age 16 to 21 to assist the transition to independent living by earning a high school diploma, or participating in vocational or life-skills training. Its funding has been frozen at $70 million since 1992.

Expanded IV-E eligibility One of the shortcomings of the Independent Living Program is that there are no Federal funds to pay the housing and other living costs of youth older than 18. Expanding eligibility for foster care payments up to age 19 provides additional support for comprehensive residential transition programs. Only youth in comprehensive programs would be eligible for an additional year of support. OMB estimates the FY 2000 cost of this proposal at $5 million, and the 4-year cost at $50 million.

Transitional Living The $5 million increase in Transitional Living Grants will fund services to youth who become homeless after leaving foster care.

Improved Outcomes This proposal would also require an evaluation of the Independent Living Program that would be due one year prior to reauthorization of the higher funding levels. HHS would also be required to develop performance goals for Independent Living that, at a minimum, would set targets for the proportion of children that would be emancipated from foster care with a high school diploma.

DRAFT PROPOSAL TO HELP CHILDREN WHO ARE "AGING OUT" OF FOSTER CARE

The Transition to Adulthood Program (TAP)

1. Allow states the option of extending IV E eligibility to the age of 21 for foster children who are: completing their secondary education; enrolled in post-secondary education or vocational training; or employed for at least 20 hours a week. Furthermore, each eligible individual would be required to have a specific case plan for achieving independence. CBO est.

   - States would be allowed to use these funds to establish supervised, transitional living arrangements for eligible recipients. Such arrangements could include supervised apartment settings, eligible individuals living with "mentors", or other accommodations that foster independence. These living arrangements must build skills that promote personal responsibility and lead to self-sufficiency, such as living on a set budget and shopping for food and other necessary items.

   - States would have to reserve at least 15% of the IV E funding under TAP for non-residential services. These funds could be used to promote training and education programs (including tuition waivers at a State university) and programs to subsidize or improve access to employment.

   - The continuation of IV E status would allow eligible individuals to retain Medicaid coverage.

2. The Work Opportunity Tax Credit (WOTC) would be expanded to include all individuals who were in foster care the day before their 18th birthday. The WOTC provides a maximum tax credit of $2,400 for employers who hire eligible individuals. ← [illegible]

3. The amount of assets that children in foster care can save without impacting their eligibility for Federal IV E maintenance payments would be increased from $1,000 to $10,000 (for recipients in both traditional foster care and the new TAP program). ← [illegible]

4. The Department of Health and Human Services would be required to establish an action plan to promote a collaboration between programs within HHS and within other federal agencies to promote the self-sufficiency of children aging out of foster care, including linkages to existing housing, educational, and employment programs.

5. The funding formula for the current Independent Living Program would be updated to reflect state foster care caseloads in 1996 rather than 1984. The update would include a hold-harmless provision to insure that all states receive at least their current funding level. This would raise overall funding for the program to approximately $83 million a year (a $13 million increase).

Revised to include Medicaid

HHS REVISED DRAFT TO OMB 3/5/99

The Honorable J. Dennis Hastert
Speaker of the House of Representatives
Washington, D.C. 20515

Dear Mr. Speaker:

Enclosed for the consideration of the Congress is the Administration's draft bill entitled the "Independent Living Program Improvement Act of 1999". The bill is a key component of the President's efforts to provide improved support to youth in foster care making the transition to adulthood and economic self-sufficiency.

First, the ~~The~~ proposed legislation would amend the Independent Living Program (ILP) under title IV-E of the Social Security Act to increase annual funding by $35 million to a total of $105 million. It would also update the funding formula used to allocate funds among the States (currently based on children in foster care in 1984), to provide instead for use of the most current data available to the Secretary.

~~The bill would also~~ Second, the bill would appropriate $50 million over four years for a new Transitional Support Program (TSP) for Older Youth. The TSP program would be a time-limited demonstration of competitive grants for State programs that provide payments for subsistence needs of eligible youth. The program would serve youths between the ages of 18 and 21 who were previously receiving title IV-E foster care maintenance payments, are enrolled in a State ILP program and have an Independent Living Plan that includes participation in an educational or job training program. The program would be evaluated by the Secretary to determine its effects in promoting improved outcomes for youth aging out of the foster care system.

Third, the bill would amend Medicaid to allow States to extend health care coverage for youths "aging out" of the title IV-E foster care program until (at State option) their nineteenth, twentieth, or twenty-first birthday.

In addition to the proposals in this bill, other items included in the President's FY 2000 Budget are intended to address the needs of youths "aging out" of foster care. ~~Two~~ One of these other proposals relates to another program~~s~~ administered by the Department of Health and Human Services~~. The Budget proposes to amend Medicaid to allow States to extend health care coverage for youths "aging out" of the title IV-E foster care program until their 21st birthday. The Budget also proposes to increase~~ it would increase the funding for the Transitional Living Program under the Runaway and Homeless Youth Act from $15 million for FY 1999 to $20 million for FY 2000. This program provides grants to local community-based organizations to provide residential care, life skills training, vocational training, and other support services to homeless youth ages 16-21.

The number of youth ages 16 and over in foster care has increased from approximately 62,000 in

FY 1992 to over 77,000 in FY 1998. Each year, nearly 20,000 youth who have passed their eighteenth birthdays are emancipated from foster care and must assume the full responsibilities of adulthood without the financial or emotional support of a family. In order to make a successful transition to adulthood, these youth need to complete educational or vocational training, to develop basic living skills (such as personal budgeting, locating housing or finding a job), and to have opportunities for emotional support through mentoring programs, support groups, or counseling. The proposals contained in the Administration's bill will help older youth leaving foster care to become independent, productive and economically self-sufficient adults.

We urge the Congress to give the draft bill its prompt and favorable consideration. The Office of Management and Budget has advised that there is no objection to the submission of this legislative proposal to the Congress, and that its enactment would be in accord with the Administration's program.

Sincerely,

Donna E. Shalala

Enclosures

Revised to include Medicaid

HHS REVISED DRAFT TO OMB 3/5/99

A BILL

To amend the Independent Living Program under section 477 of the Social Security Act to expand program funding, to establish a program of competitive grants for State transitional support programs for youths aging out of the foster care system, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Independent Living Program Improvement Act of 1999".

SEC. 2. INDEPENDENT LIVING.

Section 477(e)(1) of the Social Security Act (42 U.S.C. 677(e)(1)) is amended--

(1) in subparagraph (A)--

(A) by striking "fiscal year 1987" and inserting "fiscal year 2000";

(B) by striking "shall be an amount" and inserting "shall be an amount equal to the greater of (i) subject to subparagraph (D), an amount";

(C) by striking "average" each place it appears;

(D) by striking "in fiscal year 1984" and inserting "in the most recent preceding fiscal year (as determined by the Secretary) for which adequate State data are available on the numbers of children receiving such payments"; and

(E) by striking "for fiscal year 1984." and inserting "for such preceding fiscal year, or (ii) the amount to which the State was entitled under this subparagraph for fiscal year 1984."

(2) in subparagraph (B)—

(A) by striking "The" and inserting "Subject to subparagraph (D), the";

(B) by striking "fiscal year 1991" and inserting "fiscal year 2000"; and

(C) by striking "$45,000,000." and inserting "$60,000,000."

(3) in subparagraph (C)—

(A) by striking all that follows "(C) As used in this section:" and inserting the following:

"(i) The term "basic ceiling" means $60,000,000 for fiscal year 2000 and each succeeding fiscal year.

"(ii) The term "additional ceiling" means $45,000,000 for fiscal year 2000 and each succeeding fiscal year. "; and

(4) by adding at the end the following new subparagraph:

"(D) The amounts to which States would otherwise be entitled under subparagraph (A)(i) or (B)(i) shall be ratably reduced as necessary to ensure that the total amounts of State entitlements under such paragraphs do not exceed the ceilings applicable under subparagraph (C).".

SEC. 3. TRANSITIONAL SUPPORT PROGRAM FOR OLDER YOUTH.

Section 477 of the Social Security Act (42 U.S.C. 677) is amended by adding at the end the following new subsection:

"(k) TRANSITIONAL SUPPORT PROGRAM FOR OLDER YOUTH.—

"(1) IN GENERAL.—The Secretary shall establish a program of competitive grants to States for transitional support programs providing, to eligible youths aged 18 to 21, maintenance payments for the purpose of meeting subsistence needs as defined in section 475(4)(A). Grants to States shall be available to pay a share equal to the Federal Medical Assistance percentage (as defined in section 1905 (b)) of State expenditures for the program under this subsection.

"(2) STATE PROGRAM REQUIREMENTS.—In order to be eligible for a competitive grant under this subsection a State must agree—

"(A) to expend not more than 5 percent of the grant funds for administrative costs; and

"(B) to provide any information that the Secretary finds necessary for, and to cooperate with, evaluations conducted by the Secretary.

"(3) ELIGIBILITY CRITERIA FOR YOUTH.—In order to be considered as a candidate to be eligible to receive benefits under a State program under this subsection an individual must —

"(A) have attained age 18 but be under age 21;

"(B) have been receiving foster care maintenance payments under this part within six months prior to participation;

"(C) be enrolled in a State independent living program under this section; and

"(D) have an independent living plan for transition into adulthood which includes participation in an educational or job training program.

"(4) EVALUATION OF STATE PROGRAMS.—

"(A) IN GENERAL.—The Secretary shall complete an evaluation of the State programs under this subsection no later than October 1, 2002.

"(B) FUNDING.—From amounts appropriated under paragraph (5), up to $250,000 for fiscal year 2000, and up to $750,000 for each of fiscal years 2001 and 2002, shall be available to conduct the evaluation required under this paragraph.

"(5) APPROPRIATIONS.—There are appropriated out of any funds in the Treasury not otherwise appropriated, to carry out this subsection—

"(A) $5,000,000 for fiscal year 2000;

"(B) $10,000,000 for fiscal year 2001;

"(C) $15,000,000 for fiscal year 2002; and

"(D) $20,000,000 for fiscal year 2003.".

SEC. 4. STATE OPTION TO PROVIDE MEDICAID TO FORMER TITLE IV-E FOSTER CARE CHILDREN OVER AGE 18.

Section 1902(e) of the Social Security Act (42 U.S.C. 1396a(e)) is amended by adding at the end the following new paragraph:

"(13) The State plan may provide that an individual who—

"(A) has attained age 18 but is under age 21 (or, at State option, age 20 or 19), and

"(B) on the day before the date the individual attained age 18 was receiving foster care maintenance payments under part E of title IV

is eligible for medical assistance under the plan.".

SEC. 5. EFFECTIVE DATE.

The amendments made by this Act shall be effective with respect to calendar quarters beginning on and after October 1, 1999.

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big nf

Carole Kitti 03/02/99 03:46:09 PM

Record Type: Record

To: Nicole R. Rabner/WHO/EOP

cc: Melinda D. Haskins/OMB/EOP, Larry R. Matlack/OMB/EOP, Matthew McKearn/OMB/EOP
Subject: Rep. Cardin's Independent Living Bill

The DOL person to contact on WOTC issues is Mark Morin in the Solicitor's Office, 219-8065 x109.

adding more

A Treasury contact on WOTC is Gerri Gerardi in Tax Analysis, 622-1782.

Both of these people can give you leads to others in their organizations as needed.

---------------------- Forwarded by Carole Kitti/OMB/EOP on 03/02/99 01:20 PM ---------------------------

Larry R. Matlack 03/02/99 01:16:09 PM

Record Type: Record

To: Carole Kitti/OMB/EOP@EOP

cc:
Subject: Rep. Cardin's Independent Living Bill

Can you get Nicole Rabner a name at DOL and Treasury?

---------------------- Forwarded by Larry R. Matlack/OMB/EOP on 03/02/99 01:15 PM ---------------------------

Melinda D. Haskins 03/02/99 12:47:58 PM

Record Type: Record

To: Larry R. Matlack/OMB/EOP@EOP

cc: Ronald E. Jones/OMB/EOP@EOP, Matthew McKearn/OMB/EOP@EOP
Subject: Rep. Cardin's Independent Living Bill

Larry,

Will you respond to Nicole for me on this one?
---------------------- Forwarded by Melinda D. Haskins/OMB/EOP on 03/02/99 12:47 PM ---------------------------

Nicole R. Rabner

03/02/99 12:45:55 PM

Record Type: Record

To: Melinda D. Haskins/OMB/EOP@EOP

cc:

Subject: Rep. Cardin's Independent Living Bill

I understand from Mary Bourdette that you are seeking views of various agencies on Rep. Cardin's Independent Living Bill, in advance of expected questions during the 3/9 hearing. I wanted to reinforce the importance of solidyifying these positions before the hearing -- even if they are just general views of support for the direction of the provision, etc. To that end, I was thinking of calling Treasury and/or DOL, whomever is looking at the Work Opportunity Tax Credit piece of the bill, in order to give them context. Who is the appropriate person to contact?

Rep Ben Cardin
Independent Living
BM

106th CONGRESS

1st Session

H. R. 671

To amend part E of title IV of the Social Security Act to help children aging out of foster care to make the transition to becoming independent adults, to amend the Internal Revenue Code of 1986 to expand the work opportunity tax credit to include individuals who were in foster care just before their 18th birthday, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

February 10, 1999

Mr. Cardin (for himself, Mr. Stark, Mr. Matsui, Mr. Coyne, and Mr. Jefferson) introduced the following bill; which was referred to the Committee on Ways and Means

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A BILL

To amend part E of title IV of the Social Security Act to help children aging out of foster care to make the transition to becoming independent adults, to amend the Internal Revenue Code of 1986 to expand the work opportunity tax credit to include individuals who were in foster care just before their 18th birthday, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ``Transition to Adulthood Program Act of 1999''.

SEC. 2. TRANSITION OF FOSTER CHILDREN TO SELF-SUFFICIENCY.

(a) In General.--Section 472 of the Social Security Act (42 U.S.C. 672) is amended by adding at the end the following:

``(i) Each State with a plan approved under this part may make foster care maintenance payments (as defined in section 475(4)) under this part with respect to a child who has not attained 21 years of age and who would otherwise be ineligible for such payments by reason of age, but only if the child--

``(1) is--

``(A) in the process of completing secondary education;

``(B) enrolled in an institution that provides postsecondary education or vocational training; or

``(C) employed for at least 80 hours per month; and

``(2) has a case plan which includes a specific plan for how the child will achieve independent living, and which provides for the child to reside in a setting that promotes personal responsibility and encourages self-sufficiency.".

(b) Provision of Nonresidential Services To Assist in the Transition to Independent Adult Living.--Section 475(4)(A) of such Act (42 U.S.C. 675(4)(A)) is amended by adding at the end the following: ``In the case of a child described in section 472(i), such term shall also include payments with respect to the child for programs designed to promote the education, training, or employment of the child.".

(c) Effective Date.--The amendments made by this section shall take effect on October 1, 1999.

SEC. 3. QUALIFIED FORMER FOSTER CARE RECIPIENTS ESTABLISHED AS A TARGETED GROUP FOR PURPOSES OF COMPUTING THE WORK OPPORTUNITY CREDIT FOR EMPLOYMENT OF CERTAIN NEW EMPLOYEES.

(a) General Rule.--Paragraph (1) of section 51(d) of the Internal Revenue Code of 1986 (relating to members of targeted groups) is amended by striking ``or'' at the end of subparagraph (G), by striking the period at the end of subparagraph (H) and inserting ``, or'', and by adding at the end the following new subparagraph:

``(I) a qualified former foster care recipient.''.

(b) Qualified Former Foster Care Recipient Defined.--Section 51(d) of such Code (relating to members of targeted groups) is amended by redesignating paragraphs (10), (11), and (12) as paragraphs (11), (12), and (13), respectively, and by inserting after paragraph (9) the following new paragraph:

``(10) Qualified former foster care recipient--The term `qualified former foster care recipient' means an individual who is certified by the local designated agency as--

``(A) having attained age 18 but not age 25 on the hiring date, and

``(B) on the day before attaining age 18 being either--

``(i) a recipient of foster care maintenance payments under a State plan approved under part E of title IV of the Social Security Act, or

``(ii) in the case of any individual not described in clause (i), in foster care under the responsibility of a State.".

(c) Effective Date.--The amendments made by this section shall apply to individuals who begin work for the employer after December 31, 1999.

SEC. 4. INCREASE IN AMOUNT OF ASSETS ALLOWABLE FOR CHILDREN IN FOSTER CARE.

Section 472(a) of the Social Security Act (42 U.S.C. 672(a)) is amended by adding at the end the following: ``In determining whether a child would have received aid under a State plan approved under section 402 (as in effect on July 16, 1996), a child whose resources (determined pursuant to section 402(a)(7)(B), as so in effect) have a combined value of not more than $10,000 shall be considered to be a child whose resources have a combined value of not more than $1,000 (or such lower amount as the State may determine for purposes of such section 402(a)(7)(B)).".

SEC. 5. INTERAGENCY COLLABORATION TO PROMOTE SELF-SUFFICIENCY OF CHILDREN AGING OUT OF FOSTER CARE.

The Secretary of Health and Human Services shall establish an action plan to promote collaboration between programs of the Department of Health and Human Services and programs of other Federal agencies, including housing programs, educational programs, and employment programs, for the purpose of promoting the self-sufficiency of children aging out of foster care.

SEC. 6. UPDATING OF FUNDING FORMULA FOR THE FOSTER CARE INDEPENDENT LIVING INITIATIVES PROGRAM.

(a) Use of Updated Foster Care Data.--Section 477(e)(1) of the Social Security Act (42 U.S.C. 677(e)(1)) is amended by striking all that precedes subparagraph (C) and inserting the following:

``(e)(1)(A) The basic amount for a State for a fiscal year shall be an amount which bears the same ratio to the basic ceiling for the fiscal year as the State's average number of children receiving foster care maintenance payments under this part in fiscal year 1996 bears to the total of the average number of children receiving such payments under this part for all States for fiscal year 1996.

``(B) The maximum additional amount for a State for a fiscal year shall be an amount which bears the same ratio to the additional ceiling for the fiscal year as the basic amount for the State for the fiscal year bears to $58,000,000.''.

(b) Funding Increase.--Section 477(e)(1)(C)(i) of such Act (42 U.S.C. 677(e)(1)(C)(i)) is amended to read as follows:

``(i) The term `basic ceiling' means $58,000,000 for fiscal year 2000 and each succeeding fiscal year.''.

(c) Hold Harmless Provision.--Section 474(a)(4) of such Act (42 U.S.C. 674(a)(4)) is amended to read as follows:

``(4) an amount equal to the greater of--

``(A) the sum of--

``(i) so much of the amounts expended by the State to carry out programs under section 477 as do not exceed the basic amount for the State for the fiscal year, as determined under section 477(e)(1)(A); and

``(ii) the lesser of--

``(I) one-half of any additional amounts expended by the State for such programs; or

``(II) the maximum additional amount for the State for the fiscal year, as determined under section

477(e)(1)(B); or

``(B) the total amount required to be paid to the State under this paragraph (as in effect on September 30, 1999) for fiscal year 1999.''.

(d) Effective Date.--The amendments made by this section shall take effect on October 1, 1999.

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