

The Importance of Federal Funding for Children's Services: Leveraging Entitlement Programs to Offset Potential Federal Funding Reductions and Prevent Foster Care Placements

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The accessibility of social service programs plays a crucial role in addressing the needs of children and families and preventing children from entering the child welfare system or juvenile justice system. Proposed cuts to federal programs could significantly impact access to preventative programming and care.ⁱ

Economic Factors and Child Welfare Involvement – Socioeconomic disadvantages, such as poverty and lack of access to basic needs, are significant predictors of children entering foster care. More than one-third of states do not exempt financial inability to provide for a child in how they define maltreatment.ⁱⁱ This means that lack of food, shelter, or adequate clothing alone could meet the state's definition of neglect. Federal programs like Medicaid, Social Security Block Grant (SSBG), Temporary Assistance for Needy Families (TANF), and the Supplemental Nutrition Assistance Program (SNAP) provide critical support to low-income families. Cuts to these programs could exacerbate economic hardships, increasing the risk of children entering foster care due to financial instability.ⁱⁱⁱ

Access and Availability of High-Quality Behavioral Health and Family Support Services Reduce Out-of-Home Care – Families at risk of out-of-home child placement are often in need of specialized care coordination, parenting education, or behavioral health support. Access to evidence-based programs and high-quality providers is critical for increasing positive family outcomes. Federal cuts to social programming and Medicaid mean that fewer children and families will receive the services they need, increasing the risk of out-of-home placement and long-term involvement with the foster care system.

Leveraging Entitlement Programs

As states think about how to adapt to potential federal budget reductions, it is more important than ever to maximize federal entitlement dollars. Two key funding strategies will be:

Early Periodic Screening, Diagnosis, and Treatment (EPSDT)

EPSDT provides comprehensive care, including behavioral health care, for children under 21, enrolled in Medicaid. Covered services include preventive care, doctor visits, occupational and physical therapy, home health services, mental health services, *and any other medically necessary service*, even if it is not typically covered under Medicaid. EPSDT is a mandatory benefit that is underutilized in many jurisdictions. If a child is Medicaid eligible and if a service is medically necessary, then under EPSDT, a child *must* be provided the service.

States must cover:

- Screening services (health, vision, dental, hearing)
- Diagnostic services (when a screening finds a potential problem)
- Treatment services (to correct or improve health conditions)

Key steps to optimizing EPSDT, which mitigate, resolve, or ameliorate mental or physical health issues before they worsen, include:

- Engage your Medicaid partner
- Assess gaps and unmet needs in the current child and family service array
- Expand service coverage through benefits changes or State Plan amendments
- Establish care coordination to make it easier for families to access services and to stay involved with services
- Publicize EPSDT services
- Monitor and evaluate the effectiveness of EPSDT services to allocate funding to what works

Title IV-E Prevention Services

Title IV-E Prevention Services are part of the Family First Prevention Services Act (FFPSA), which was enacted in 2018 to help keep children safely with their families and prevent unnecessary entry into foster care. These services focus on providing evidence-based support to families at risk of child welfare involvement. Title IV-E Prevention Services focus on three main areas, all of which must be evidence-based:

- Mental Health Treatment – Counseling and therapy services for parents and children.
- Substance Use Disorder Treatment – Support for parents struggling with addiction.
- Parenting Skills Training – Programs designed to enhance parenting skills, including in-home training and support.

Title IV-E Prevention Services can be used to support children who are at imminent risk of entering foster care but can remain safely at home with services, parents or kinship caregivers who need support to prevent a child from entering foster care, and/or pregnant or parenting youth in foster care who need help to safely parent their children. States have the latitude to determine how to define and document “imminent risk of entering foster care”.

States, tribes, and territories must submit a Title IV-E Prevention Services Plan to access federal funding, and the services provided must be selected from the Title IV-E Prevention Services Clearinghouse.

Conclusion and Next Steps

Jurisdictions should consider federal funding assessments to document how child and family services are funded across the continuum and systems. Doing this now will help jurisdictions be more prepared to shift dollars quickly if federal funding sources are reduced. Additionally, states can optimize federal entitlement programs like Title IV-E and Medicaid, as they are more challenging to reduce than discretionary funding programs.

Endnotes

ⁱ Quality of Care Report | <https://www.medicaid.gov/medicaid/quality-of-care/downloads/4302b-rtc.pdf>

ⁱⁱ In defining maltreatment, nearly half of states do not specifically exempt families' financial inability to provide | Child Trends: <https://www.childtrends.org/publications/in-defining-maltreatment-nearly-half-of-states-do-not-specifically-exempt-families-financial-inability-to-provide>

ⁱⁱⁱ An economic look at child protection policies of the foster care system | Monthly Labor Review: U.S. Bureau of Labor Statistics: [w29906.pdf](https://www.bls.gov/publications/miller/w29906.pdf)

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