

Potential COVID Funding Sources

The Center for the Study of Social Policy (CSSP) developed the following memo in response to requests from child welfare agencies to identify opportunities within The Coronavirus Aid, Relief, and Economic Security Act (CARES) and the Families First Coronavirus Response Act (FFCRA) to support child welfare agencies and the children, youth, and families they serve. The information included in the memo below represents our current understanding of funding sources that may be available to states through various statutory mechanisms related to the COVID-19 pandemic. As federal agencies release information about how funds will be distributed, this memo will be updated.

General Stimulus Funding to States

The Coronavirus Aid, Relief, and Economic Security Act (CARES) includes an estimated \$2 trillion stimulus package to battle the harmful effects of the pandemic. This includes \$150 billion in stabilization funds to states, territories, local and tribal governments that will be distributed based on population (census data).¹ A portion of a state's allocation will be directed to local governments with populations over 500,000.² The funding is to be used for expenditures incurred due to COVID-19 between March 1, 2020 and December 30, 2020 that were not accounted for in the most recent budget. The Act gives states discretion about how they will allocate and use these funds.

Direct Payments to Citizens

CARES also includes funding for direct payments to Americans, to be issued over the next few months, beginning April 9th. Individuals will be receiving \$1,200 (with phase out beginning at adjusted gross income level of \$75,000) and married couples will receive \$2,400 (with phase out beginning at adjusted gross income level of \$150,000). Families can receive \$500 per child younger than age 17.

There is still some uncertainty as to whether foster parents are eligible for any of the direct child payments to support the children in their care. The legislative language is unclear and the current analysis suggests that this likely depends upon whether a child has been in the foster parent's home for more than six months and if the child is shown as a dependent on the foster parent's taxes (and not shown as a dependent on the birth parents' taxes). We and others are in the process of exploring

¹ The Center for Budget and Policies Priorities has developed a [Fact Sheet](https://www.cbpp.org/research/state-budget-and-tax/how-will-states-and-localities-divide-the-fiscal-relief-in-the) with state-specific estimates, available at <https://www.cbpp.org/research/state-budget-and-tax/how-will-states-and-localities-divide-the-fiscal-relief-in-the>

² Ibid.

this further, but one likely projection is that at a minimum, this funding could be available to children in adoptive placements awaiting finalization.

Child-Welfare Specific Funding Opportunities

Increased Federal Medicaid Match

FFCRA includes a temporary increase of 6.2 percentage points to states' Federal Medicaid Assistance Percentage (FMAP) – the federal share for Medicaid health care and health related services. Importantly, the FMAP is used to calculate the federal share of foster care maintenance payment as well as guardianship and adoption assistance payments. Applying this temporarily increased FMAP rate to foster care maintenance payments, as well as adoption and guardianship payments and to therapeutic foster care and behavioral health services will increase state's federal fund draw-down during this period. Additionally, the increased FMAP rate will free up some state dollars that have previously been used for foster care maintenance payments and adoption and guardianship payments.

Medicaid funding is also currently used for medical care services for children in foster care, therapeutic services in therapeutic foster care, and medically authorized residential treatment services for behavioral health needs. States will also receive an increase in federal fund draw-down for these services during this period.

The increased FMAP rate also could provide additional incentive to move quickly on increasing the penetration rate for Title IV-E maintenance payments and expand Medicaid claiming options for youth in care.

Increased Funding for Federal Administration for Children and Families (ACF) Funded Services

CARES includes increased funding for the Administration for Children and Families (ACF) to allocate to states based on a variety of different funding formulas. Many of the funds available in the programs discussed below are being made available now through 2021 or 2022 (unlike the direct money to governors through the state stabilization funds discussed above and the FMAP increase, which are time-limited). The exact distribution of these funds is not yet known and it is important to note that these dollars are intended to supplement and not supplant existing funding in the identified areas.³ The funding additions include:

- **\$45 million nationally in additional grants to states to support the child welfare needs of families through Title IV-B, part 1.** Title IV-B funding is distributed to states based on a formula grant that adjusts for the proportion of a state's population of children under the age of 21.⁴ There are no state revenue matching requirements for the additional Title

³ For assistance in estimating state-specific allocations, please reach out to Megan Martin, Executive Vice President, at CSSP; megan.martin@cssp.org.

⁴ See February 26, 2020 ACF Program Instruction, which provides information on the percentage of FY2018 IV-B funding for states, available at <https://www.acf.hhs.gov/sites/default/files/cb/pi1902.pdf#page=62>

IV-B funds made available through CARES. These are relatively flexible dollars that can be used to: protect and promote the welfare of all children; prevent the neglect, abuse, or exploitation of children; support at-risk families through services which allow children, where appropriate, to remain with their families or return to their families in a timely manner; promote the safety, permanence and well-being of children in foster care and adoptive families; and provide training, professional development and support to ensure a well-qualified workforce.

- **\$3.5 billion nationally for Child Care and Development Block Grants.** This includes general revenue and some funding specifically for childcare assistance for health care sector employees and other essential workers, regardless of income, and to support childcare providers in the case of the childcare closures. These dollars are available to states through September 30, 2021. This is likely to mean a significant increase in state dollars available to support childcare for both employees of the child welfare system as well as caregivers – including birth parents, foster parents, and kinship caregivers.
- **\$25 million nationally for Runaway and Homeless Youth Programs.** For states operating a Runaway and Homeless Youth Program, they will receive an additional funding through CARES.⁵
- **\$45 million nationally for Family Violence Prevention and Services Act funding.** This includes Family Violence Shelters. Additionally, CARES includes an additional \$2 million for the National DV Hotline. ACF currently distributes Family Violence and Prevention Services grants to states and state domestic violence coalitions.⁶ There is no requirement for states to provide matching dollars to receive these funds.

Community Service and Community Development Block Grants

CARES also provides funding for states to support families and community-based providers. This includes:

- **\$1 billion nationally for Community Service Block Grants administered through the federal Department of Health and Human Services.** This is another flexible source of funding that can be used to: lessen poverty in communities; address the needs of low-income individuals including the homeless, migrants, and the elderly; and support provider services and activities addressing employment, education, the better use of available income, housing, nutrition, emergency services and/or health. States should expect to receive funding in this program area, however, it is not clear at this time how much of this

⁵ See Family and Youth Services Bureau Family and Youth Services Bureau Basic Center Program Estimated FY2020 State Allocations, available at <https://www.acf.hhs.gov/fysb/resource/bcp-estimated-fy2020-state-allocations>

⁶ See Family Violence Prevention and Services Act (FVPSA): Background and Funding, Congressional Research Service (2019), available at <https://fas.org/sgp/crs/misc/R42838.pdf>

funding will be allocated to states and tribes and how much will be allocated to cover federal costs of administering the program.

- **\$5 billion nationally for Community Development Block Grants (CDBG).** The U.S. Department of Housing and Urban Development (HUD) has released estimates of states and local government funding allocations.⁷ CDBG provides communities and states with funding for a wide range of resources such as services for senior citizens, the homeless, and public health services and funds for community health facilities, childcare centers, and food banks. This includes \$955 million nationally for aging and disability services programs including senior nutrition, home and community-based support services, family caregivers, elder justice, and independent living; and \$50 million nationally to maintain housing stability and services for low-income seniors, who are at particular risk of contracting COVID-19. These dollars are important for many reasons including supporting kinship caregivers in maintaining their housing during this time.

Additional Supports

- **Small business loans for local community-based providers.** This potentially provides an opportunity for small community-based providers serving children and families engaged with the child welfare system to apply for loans so that they can remain open. Non-profit agencies are eligible to apply, and the loans will be forgiven if they maintain current payroll levels.
- **\$4 billion nationally to address the impact of COVID-19 among individuals and families who are homeless, receiving homeless assistance, or at risk of homelessness and to support additional homeless assistance, prevention, and eviction prevention assistance.** These dollars, provided under the Emergency Solutions Grants program (under the McKinney-Vento Homeless Assistance Act), will remain available through September 30, 2022 and can be spent on activities such as eviction prevention, including rapid rehousing, housing counseling, and rental deposit assistance to mitigate the adverse impacts on working families. Of these newly allocated dollars, up to \$2 million will be distributed using the same formula used for grantees that received allocations in FY2020. Information provided by HUD shows the anticipated funding allocations for states and local governments.⁸ The remaining dollars will be allocated directly to a state or unit of local government by a formula that will be developed by HUD within 90 days of the enactment of CARES.

⁷ See CPD Program Formula Allocations and Cares Act Supplemental Funding for FY2020, HUD (2020), available at https://www.hud.gov/program_offices/comm_planning/budget/fy20/

⁸ Ibid.

- **Investments in nutrition programs including \$8.8 billion nationally in Child Nutrition Programs and \$15.8 billion nationally in the Supplemental Nutrition Assistance Program (SNAP).** For both the Child Nutrition Program and SNAP, the U.S. Department of Agriculture (USDA) has provided guidance to states on state plan requirements to receive approval for additional dollars. These dollars will ensure that children who would receive free or reduced-price meals if not for school closure are eligible for additional food assistance. Additionally, an increase in funding in the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) was included in FFCRA to increase program participation. USDA will work with states to ensure funding is available to state agencies that require additional funding based on enrollment.⁹

Other Opportunities

Greater Flexibility in Reimbursement for Tele-Medicine and Non-Traditional Services

Federal legislation to provide increased flexibility around reimbursement for tele-medicine and, hopefully, support for non-traditional service providers can be used to support additional children and families in the home, and may provide an opportunity for further expansion of access to community-based services once the crisis abates.

Additional Grant Funding

Beyond financial allocations included in the COVID-19 relief bills (CARES and FFCRA), ACF announced on April 1, 2020 in a letter to child welfare leaders that they are no longer requiring agencies to submit a separate application for funding for Family First Prevention Services Act Transition Grants that were authorized by Congress in the Family First Transition Act.¹⁰ ACF has provided information on expected allocations to states to support implementation of the Family First Prevention Services Act.¹¹ Specifically, these grant dollars can be used for any allowable activity under Title IV-B or activities directly associated with implementation of the Family First Prevention Services Act.

ACF also announced on April 6th a new competitive grant, *Family Violence Prevention and Services Discretionary Grant: Specialized for Abused Parents and Their Children (Demonstration Project)*.¹² This grant opportunity could provide South Carolina with additional funding to provide targeted support to children and families at the intersection of child welfare and domestic violence.

⁹ See FNS Response to COVID-19, available at <https://www.fns.usda.gov/disaster/pandemic/covid-19>

¹⁰ See April 1, 2020 Letter from Children's Bureau Associate Commissioner Jerry Milner, available at https://mcusercontent.com/3404efd2e55731e8483aea1aa/files/dacf0309-7292-42bd-8cfa-3b4d0fee8fe4/Child_Welfare_Leader_letter_on_Kinship_Nav_and_Transition_Grant_flexibilities.pdf

¹¹ See February 21, 2020 ACF Program Instruction, available at <https://www.acf.hhs.gov/sites/default/files/cb/pi2004.pdf>

¹² See April 6, 2020 ACF grant announcement, available at <https://ami.grantsolutions.gov/index.cfm?switch=foa&fon=HHS-2020-ACF-ACYF-EV-1812>