

MAX BAUCUS, MONTANA, CHAIRMAN

JOHN D. ROCKEFELLER IV, WEST VIRGINIA
KENT CONRAD, NORTH DAKOTA
JEFF BINGAMAN, NEW MEXICO
JOHN F. KERRY, MASSACHUSETTS
RON WYDEN, OREGON
CHARLES E. SCHUMER, NEW YORK
DEBBIE STABENOW, MICHIGAN
MARIA CANTWELL, WASHINGTON
BILL NELSON, FLORIDA
ROBERT MENENDEZ, NEW JERSEY
THOMAS R. CARPER, DELAWARE
BENJAMIN L. CARDIN, MARYLAND

ORRIN G. HATCH, UTAH
CHUCK GRASSLEY, IOWA
OLYMPIA J. SNOWE, MAINE
JON KYL, ARIZONA
MIKE CRAPO, IDAHO
PAT ROBERTS, KANSAS
MICHAEL B. ENZI, WYOMING
JOHN CORNYN, TEXAS
TOM COBURN, OKLAHOMA
JOHN THUNE, SOUTH DAKOTA
RICHARD BURR, NORTH CAROLINA

United States Senate

COMMITTEE ON FINANCE

WASHINGTON, DC 20510-6200

RUSSELL SULLIVAN, STAFF DIRECTOR
CHRIS CAMPBELL, REPUBLICAN STAFF DIRECTOR

May 15, 2012

Gene Dodaro
Acting Comptroller General
U.S. Government Accountability Office
441 G Street NW
Washington, DC 20548

Dear Mr. Dodaro:

Some of our nation's most vulnerable children are those who have been removed from their homes, often due to neglect or abuse, and placed in foster care. At the end of fiscal year 2010, about 408,000 children were in foster care, according to the most recent available data from the Department of Health and Human Services. Each year the federal Title IV-E Foster Care program helps states meet the costs associated with foster care for fewer children than in prior years. Title IV-E allowable costs include maintenance payments; costs for statewide automated information systems; training for staff, and foster and adoptive parents; and administrative costs to manage the program.

Since the early 1960s, Title IV-E eligibility for foster children was linked to eligibility for the Aid to Families with Dependent Children program (AFDC). When the welfare reform legislation of 1996 ended AFDC and created the Temporary Assistance for Needy Families (TANF) block grant, it maintained the eligibility link between AFDC and Title IV-E financial participation for foster care children. That means states may only claim Title IV-E reimbursement for children whose biological families would have qualified for the defunct AFDC program under the 1996 income standards, not adjusted for inflation.

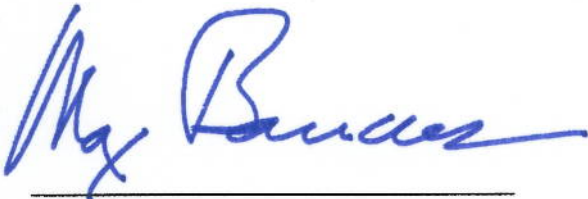
We understand that this "look back" feature can be burdensome for states to administer and that fewer and fewer families meet these static income standards over time, thereby reducing the number of children who are Title IV-E eligible. Estimates show that 54 percent of children in foster care were funded under Title IV-E in fiscal year 1996, in contrast to 44 percent in fiscal year 2010. This percentage will likely continue to decline, leaving more and more low-income children without the support of the Title IV-E foster care program. This creates a system where two similarly situated children may be considered differently from a financing perspective.

In recent years, numerous options have been proposed to "delink" Title IV-E financial participation from the old AFDC eligibility criteria. We would like GAO to compile and review these options - both those in proposed legislation and those developed by interested organizations - to assist the Congress should it consider this issue in the future. In preparing your compilation and in describing or discussing the proposals, please consider the following factors, such as whether or not the proposals:

- Eliminate financial/income means testing;
- Are budget neutral or low cost to the federal government;
- Maintain the amount of federal reimbursement that states could otherwise claim for foster care maintenance; and
- Ensure that any savings or additional investments be used to increase the ability of states to provide adequate levels of services to all children in foster care.

We are happy to talk with you more about this work. Please contact Diedra Henry-Spires, Becky Shipp or Laura Berntsen if you have any questions. Thank you for your attention to this request.

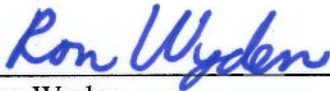
Sincerely,



Max Baucus
Chairman



Orrin G. Hatch
Ranking Member



Ron Wyden
U.S. Senator