

FOSTER CARE FUNDING AND THE NEEDS OF  
LATINO CHILDREN IN PUERTO RICO

STATEMENT FOR THE RECORD:

HEARING ON FOSTER CARE FLEXIBLE FUNDING PROPOSAL  
JUNE 11, 2003

SUBMITTED TO:

SUBCOMMITTEE ON HUMAN RESOURCES  
OF THE COMMITTEE ON WAYS AND MEANS  
U.S. HOUSE OF REPRESENTATIVES

SUBMITTED BY:

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## **INTRODUCTION**

My name is Sonia M. Pérez and I am Deputy Vice President of the National Council of La Raza (NCLR); I also oversee the activities of NCLR's Puerto Rico regional office. NCLR is the largest national Latino research and advocacy organization in the U.S.; and works to reduce poverty and discrimination and improve life opportunities for the estimated 38 million Hispanics living on the mainland U.S. and the nearly 4 million people in the Commonwealth of Puerto Rico through our network of 300 local affiliate community-based organizations and 33,000 individual associate members.

For more than 15 years, NCLR has been engaged in research and public information efforts on poverty, social policy, and related issues affecting Latino families. In particular, NCLR has researched and written extensively on the experience of Latina women and their children with public assistance, as well as on the impact that welfare reform has had on Hispanic families in the U.S. mainland and in Puerto Rico. Through its research on welfare reform issues, NCLR has learned that significant disparities in funding for social welfare programs exist between Puerto Rico and the 50 states, despite the Island's high level of poverty and the significant challenges faced by poor families and children.

## **BACKGROUND**

The Commonwealth of Puerto Rico faces unique social and economic conditions that significantly impact the well-being of the U.S. citizens living on the Island, and, particularly, the Island's children. For example, according to the U.S. Census Bureau:

- Almost half (48.2%) of the total population lives below the poverty level.
- About three in five (58.3%) children in Puerto Rico are poor – the only U.S. state, territory or commonwealth with a higher child poverty rate is American Samoa (67%).
- More than one-quarter (27%) of families in Puerto Rico are headed by a female householder.

In addition, Puerto Rico has experienced slower economic growth and significantly higher unemployment than the States – even during the economic boom of the 1990s. According to the latest data from the Puerto Rico Department of Labor, the Island had a 12.1% unemployment rate in May.

## **CHILD WELFARE IN PUERTO RICO**

Poverty and other social and economic factors have placed many children at risk, not only of poor educational, social, and health outcomes, but also of abuse and neglect. While data on child abuse, neglect, and foster care have not always been systematically

collected for Puerto Rico, data from the Puerto Rico Department of the Family indicate the following:

- The Commonwealth received 71,617 child abuse and neglect complaints in fiscal year 2002.
- At the end of 2002, there were roughly 9,555 children in foster care in Puerto Rico.
- Abused and neglected children are cared for in approximately 3,380 certified foster homes.
- To maintain this level of care, the Commonwealth spends \$25.5 million in payments to foster families alone, at an average monthly maintenance payment of \$325.

## **FUNDING LIMITATIONS**

One of the most significant challenges that Puerto Rico faces in trying to address these issues is low funding. Local government funds help to meet some of the need, but as is the case with other states, federal monies greatly help to offset the administrative costs and payments to families providing foster care to children who have been abused or neglected.

While children who have been removed from their families are entitled to foster care and adoption programs and assistance under the Title IV-E Foster Care and Adoption Assistance Program in the States, foster care is not an entitlement in Puerto Rico. The Title IV-E program falls under the Section 1108 cap, which restricts total welfare funding to Puerto Rico, creating a ceiling for several unrelated programs, including TANF and Assistance for the Aged, Blind and Disabled (Puerto Rico's substitute for Supplemental Security Income, from which the Commonwealth is excluded). This means that aid to abused and neglected children competes with assistance to the Island's poor families, the disabled, and seniors.

The funding limitations placed on the Title IV-E program in Puerto Rico have far-reaching consequences. For instance, States with populations similar to Puerto Rico receive \$40 to \$50 million in reimbursements per year for their foster care and adoption assistance expenditures, whereas Puerto Rico is only reimbursed roughly \$12 million a year. Also, the Congressional Budget Office (CBO) projected that the federal share of monthly maintenance payments averaged \$564 for foster care, making Puerto Rico's average federal share of \$152.50 only 27% of the national average.

Puerto Rico has not been able to take advantage of the adoption assistance program to the same extent as the states: in 2000, 88% of all children adopted out of foster care received adoption subsidies, while in Puerto Rico, the rate was 19%. According to the CBO the projected average federal share of monthly maintenance payments was \$283 for adoption

assistance, however, the average federal share in Puerto Rico was only \$90. The Commonwealth spent approximately \$500,000 in Adoption Assistance payments in 2002, for 255 special needs children. Nearly one in three of these children were assisted with state-only funds. Adoption assistance payments for children adopted in Puerto Rico range from \$107 to \$300 a month, with an average of \$180. Federal funding in this area has become so restricted, that when Puerto Rico earned a bonus for increasing adoptions, the basic IV-E grant was reduced, because of the impact of the welfare cap on the program, in order to provide the Island with the \$218,000 performance incentive.

Taken as a whole, the limitation on federal funding for Puerto Rico's child welfare system has created significant challenges in its efforts to care for vulnerable children, which range from limited and outdated case management capacity, insufficient communications between regional offices because of inadequate technology, and poor management and follow-up systems. In the end, the lack of federal funds, technical assistance, and general support means that too many children in need of services in Puerto Rico fall through the cracks.

### **FOSTER CARE FLEXIBLE FUNDING PROPOSAL: DISADVANTAGES FOR PUERTO RICO**

NCLR believes that members of Congress must consider the unique barriers facing Puerto Rico's child welfare system, particularly in light of the President's proposal for offering an alternative financing option to the current Title IV-E program. This proposal would not enhance Puerto Rico's ability to serve children who are neglected or abused. Specifically, the proposal does not consider the following:

- **There are existing disparities for federal funding for these services between Puerto Rico and the 50 states.** The problem facing Puerto Rico's child welfare system is severely limited federal contributions, due to the Section 1108 cap. As discussed above, Puerto Rico is unable to serve its existing populations well because of competing needs.
- **The current low federal contribution would undermine the establishment of an appropriate baseline for any proposed foster care block grant.** In the last three years, Puerto Rico received \$10 to \$12 million in federal funding for foster care and adoption assistance. Since the foster care block grant would be based on previous federal reimbursements, the baseline would preserve the historic inequity in funding and would result in inadequate resources for Puerto Rico to care for children who are abused or neglected.
- **A block grant will aggravate the problem of low funding levels in Puerto Rico.** While the President's proposal to block-grant foster care funding is purported to provide states with increased flexibility in using federal funds to support a broader range of families and prevention and treatment activities, such claims would not apply to Puerto Rico. Because the Island currently receives inadequate federal funds for the breadth of services provided to the Island's poor,

abused and neglected children, extending eligibility and broadening the range of activities would result in greater competition for funding and services than presently exist. Such an approach would further strain already limited resources

- **Elements of the flexible foster care funding proposal do not apply to Puerto Rico.** The President's proposal includes a provision that would allow States to access additional funding through the TANF contingency fund if specific crisis conditions are met. However, Puerto Rico is not authorized to participate in the TANF contingency fund. Therefore, this provision could not be used to benefit children in need.

## CONCLUSION

The Title IV-E Foster Care and Adoption Assistance Program was established as a state-federal partnership to ensure that abused and neglected children receive the services needed to be safe. However, because Title IV-E funding falls under the Commonwealth's federal welfare cap, Puerto Rican children in need of these services have no entitlement to federal aid – rather they must compete with the poor, blind, aged and disabled for limited federal funding.

NCLR supports two directions for responding to these deficiencies:

- **Remove the Title IV-E program from Puerto Rico's welfare cap.** In order for Puerto Rico to reach parity with other states and meet the existing needs in this area, the Title IV-E program should not be considered as part of the Island's overall "welfare" cap. Such a measure is a critical step in strengthening Puerto Rico's partnership with the federal government and shoring up its ability to provide appropriate levels of support and protection for these children.
- **Assess and enhance funding levels for foster care, adoption, and abuse/maltreatment services for children in Puerto Rico based on existing needs.** In addition to the funding disparities outlined above, the President's proposal would be largely inaccessible to the Commonwealth due to the Section 1108 cap. The question of how best to address the serious child welfare issues in Puerto Rico should not be determined by faulty formulas or proposals that do not apply to the Island, but instead by examining the serious deficiencies, backlogs, and inadequate services that prevent the current system from protecting the most vulnerable children in Puerto Rico.