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States Should Use New Guidance to Stop Charging Parents for Foster Care, Prioritize Family Reunification

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Recent guidance from the Health and Human Services (HHS) Administration for Children & Families allows states to end the harmful practice of charging parents for costs associated with their child being in foster care. Implementing this guidance will be crucial in helping create more equitable child support and child welfare programs that put the needs of children first. Most children placed in foster care are there due at least in part to their parents’ economic hardships, and charging for such care as most states do imposes extra hardship and delays family reunification. This approach also costs more to administer than it collects. States and localities should act expeditiously to change the policies needed to fully implement the new guidance and prioritize reunification, the central goal of the foster care system.

Most states’ child welfare agencies refer all children receiving Title IV-E federal foster care services to the state child support enforcement agency, which then can issue child support orders that seek to collect child support from the children’s parents to offset the cost of their foster care. Children qualify for Title IV-E foster care services when they are removed from households with very low incomes. Although some states require all parents to pay child support while their child is in foster care, federal law only requires that states issue orders to Title IV-E families. Because of the federal requirement and the fact that most parents whose children are placed in foster care are struggling financially, fees fall heavily on families with very low incomes.

In recognition of the problems raised by the existing approach, the recently issued guidance makes it easier for states to stop referring children in foster care to the child support agency, and in turn, avoid issuing support orders against parents for the cost of children’s care. Under the guidance, child support orders would be put in place only in very rare cases that have been thoroughly reviewed to

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ensure that imposing a child support obligation on the parent is in the child’s best interests and would not financially impede a family’s reunification process.

Furthermore, the guidance recommends that if a child is not referred to the child support agency, then pre-existing child support orders that require non-custodial parents to pay child support to the custodial parent remain in place and that payments go to the custodial parent, supporting the custodial parent’s ability to pay for housing and meet the conditions for reunification. That is different from the existing approach, in which referrals to the child support agency are the default and such payments can be diverted to the state. In addition, the existing approach often requires both the non-custodial and custodial parent to pay monthly amounts to the state (which can be garnished directly from their paychecks), setting their finances back and potentially delaying reunification.

Research shows that requiring families to reimburse the state and federal governments for the costs of foster care services is not in anyone’s best interests. First and foremost, it harms children and families. Fees are charged to families with very low incomes, compounding their economic hardship and often delaying families’ reunification. And research demonstrating that children have better cognitive, behavioral, and health outcomes when raised in stable settings suggests that achieving timely family reunification can promote better lifelong outcomes for most children in foster care. Further, even after reunification, debilitating debt from unpaid child support can accumulate and follow families, making it harder for them to climb out of poverty and to provide for their children, risking further encounters with the child welfare system.

The current approach also particularly harms people of color. The fees’ targeting of parents with low incomes disproportionately affects parents of color, who are more likely to have low incomes due to long-term, systemic racism in areas like employment and education. In addition, the child welfare system also has existing racial disparities that are compounded by the fees parents are assessed. Black and American Indian families are overrepresented in child welfare investigations and foster care placements and are more likely to experience the termination of parental rights, suggesting that racial bias, including racist stereotypes about parental unfitness, should be studied as a possible contributing factor.

Lastly, these child support orders cost the government more to administer than it collects in reimbursement, and the delays in reunification are also expensive. Studies show that more dollars are spent pursuing collections than are collected — as little as 24 cents recouped for every dollar spent.

The recent guidance provides a useful roadmap to states on how to end these harmful child support policies and ensure that families are not burdened with child support debt following reunification. The steps to implement the guidance will vary by state, but most will need to develop clear guidelines establishing non-referral to child support enforcement agencies as the standard practice; reprogram computer systems to stop automatic referral; train personnel on the new guidance; establish quality control mechanisms to review cases pending referral; and adopt practices that improve coordination between child welfare and child support programs.
Most Children Enter Foster Care Due to Neglect, With Economic Hardship a Prevalent Risk Factor

Research finds an estimated 85 percent of families investigated by Child Protection Services have incomes below 200 percent of the federal poverty line, suggesting that families with low incomes are significantly more likely to encounter child welfare services at some point during their lives than other families.

Most children enter foster care due to neglect rather than abuse, with neglect being generally defined as failure to meet a child’s basic needs. Most reports of neglect allegations reflect the many ways poverty can manifest in a family’s life. For example, economic hardship may cause parents to be unable to provide their children with basic necessities like food, shelter, medical care, and supervision, all factors that can contribute to the child welfare agency making a finding that the child is being neglected. Data consistently show that inadequate housing is a factor leading to a child’s removal in at least 10 percent of foster care cases.

Poverty and neglect are not one and the same: experiencing poverty does not mean a child is unsafe in their own home or that a parent is incapable of caring for their child. However, broad definitions of neglect in state and federal law allow for children to be removed from their families under conditions that do not threaten a child’s immediate safety or outweigh the traumatic harm of removal. Child welfare experts have questioned whether the system distinguishes neglect from conditions rooted in poverty, and whether labeling parents as perpetrators of neglect punishes economic hardship when instead these parents could be connected to income and other assistance to help them meet basic needs. Research suggests that anti-poverty measures, such as the Earned Income Tax Credit (EITC), can reduce reports of child neglect; in Washington State a 10 percentage point increase in state-level EITC benefits was associated with 241 fewer reports of neglect per 100,000 children. Another study found that each additional $1,000 states spent on benefit programs (like Temporary Assistance for Needy Families, or TANF) per person living in poverty was linked to a 4 percent decrease in reporting to Child Protection Services and a 2 percent decrease in foster care placements. And states imposing certain TANF restrictions, including taking away benefits for not meeting work requirements and limiting benefits to less than 60 months, saw a 32 percent increase in foster care placements.

Studies also show that parents involved in the child welfare system often face significant barriers to economic stability and family well-being, such as mental illness and substance use issues that, without access to proper treatment, may worsen economic hardship. Without enough resources, managing a mental health disorder or a substance use issue is even more challenging: forgoing wages for an afternoon medical appointment, let alone for a month-long stay at a treatment facility, may be not be feasible.

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Guidance Encourages States to Change Referral From Default to Exception

The Title IV-E Foster Care Program provides funds to state and tribal child welfare agencies to assist with the costs of foster care services for eligible children; administrative expenses to manage the program; and training for agency staff and foster parents. Under federal law, states refer children receiving IV-E foster care services to the child support enforcement agency, and then are required to split any collected child support payments with the federal government according to a state’s Federal Medical Assistance Percentage Rate (FMAP), to recoup foster care costs. (This generally means that between 50 and 75 percent of the collected funds go to the federal government.)

Federal law affords state foster care agencies flexibility in determining when IV-E cases should not be referred to child support enforcement if the agency decides that referral would not be in the “best interests of the child.” In practice most states do not take advantage of this legal flexibility and instead refer most IV-E cases regardless of what’s best for the family. And what’s best, research shows, is usually keeping families together.

States are permitted, but not required, to collect child support for children in foster care who are not IV-E eligible; that is, children whose families’ incomes are too high to meet the IV-E eligibility standards.

Federal guidance on the law’s child support referral rules for IV-E foster children has, until now, been broad. Decisions about when to refer cases for child support enforcement therefore vary widely by state, county, and even by caseworker, sometimes resulting in different application within a single office. Most states do not specifically define “best interests” or how caseworkers should

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5 Children’s Bureau, “8.4C Title IV-E, General Title IV-E Requirements, Child Support.”


7 Ibid.

determine whether the child support referral would be in the child’s best interests, with one study finding that fewer than five states give specific criteria for exemptions to referral. Moreover, a different study found little association between parents’ income, whether they’ll be subject to a child support order, and the amount of the order, suggesting that their ability to pay often has not been considered when determining whether to refer a case or when calculating a support order.

The new guidance clarifies the application of “best interests” and encourages child welfare agencies to refer cases to child support enforcement only in “very rare circumstances.” If states heed the federal government’s advice it would result in the following standard practice for families under the purview of Title IV-E:

- No child support orders would be made against parents when their children are placed in foster care.
- A non-custodial parent’s child support payments would not be redirected to the state to recoup foster care costs and instead would continue to go to the custodial parent.

Charging Parents for Foster Care Delays Family Reunification

Most children are removed from their families and enter the foster care system at least in part because their parents struggle to provide for their basic needs. (See text box, “Most Children Enter Foster Care Due to Neglect, With Economic Hardship a Prevalent Risk Factor.”) Research consistently shows that parents whose children are placed in foster care are disproportionately low income and experience significant rates of deep poverty. One study in Minnesota found that 47 percent of parents with child support obligations whose children were removed from their care had no recorded earnings, and that 32 percent of such parents had an annual income between 0 and $10,000. Another study in Wisconsin found that 55 percent of mothers with child support

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9 Ibid.
11 Schomburg and Gray, op. cit.
obligations had no earnings one year before their child’s removal and placement in foster care and that 28 percent had earnings that were below $10,000.15

Charging parents for foster care by imposing a child support order, which is often done through wage garnishment, deepens many of these families’ economic distress. This can make it harder for the families to maintain or secure stable housing, among other hardships, and can hinder their ability to reunify because the parents have become less able to meet their children’s basic needs.

Debt can accrue for parents who are unable to pay or whose earnings and wage garnishment are less than what the state is charging them for a support order. To collect past-due orders, states use a variety of enforcement tools that add to these parents’ financial precarity; states report parents to credit bureaus and garnish their tax refunds, and, more recently, stimulus checks. This can lead to inadequate income and bad credit, which make it harder for families to find or maintain housing — a key condition for parents to be reunited with their children — or to afford car repairs needed to travel to work.16 Further, when parents don’t pay, states can revoke driver’s and professional licenses, worsening barriers to finding and maintaining employment.

These problems don’t necessarily end after the family is able to reunify. Debt from unpaid child support while the child was in foster care can accumulate with interest and follow families, making it harder for them to climb out of poverty and risking further interactions with child protection services even after reunification. Indeed, studies show that when a child’s parents are experiencing poverty, the child is more likely to reenter foster care again following reunification.17

Ultimately, charging parents generally undermines the central goal of the foster care program – family reunification. Research shows that parents who experience a decline in income during their child’s placement in foster care may also experience a delay in reuniting with their child.18 In addition, research in Wisconsin finds that charging parents for their children’s foster care impacts the length of foster care placement; children in cases where orders are imposed tend to have longer stays than in cases without.19 The same study found that even small child support orders delay reunification by more than six months, a statistic the HHS guidance cites in calling for minimizing the orders’ use. Ultimately, increasing the amount of time a child is placed in foster care also drives

19 Cancian et al., 2012.
up the costs of their care and the bills that parents receive. Importantly, parents have a limited amount of time to get their children back; federal law requires states to begin procedures to terminate parental rights and to place the child for adoption in most cases if a child spends 15 out of 22 months in foster care.20

Most child welfare experts agree that in most cases, family reunification is the better option to promote children’s lifelong well-being.21 Research demonstrating that children have better cognitive, behavioral, and health outcomes when raised in stable settings suggests that achieving timely reunification can promote better outcomes for most children in foster care.22 Research also shows that children are less likely to reunite with their families when they spend longer amounts of time in foster care or experience more placements.23

These findings underscore the need to remove barriers to reunification, such as child support orders that cause more financial hardship for parents. The new guidance by HHS allows states to end the general practice of charging parents for foster care placements, which should reduce the financial strain on families and help them reunify with their children.


Charging Parents for Foster Care Disproportionately Impacts Families of Color

Racial disparities in foster care, themselves largely the product of disparities in the economy and elsewhere, mean that the foster care system’s child support obligations disproportionately harm families of color. A significant body of research documents that certain racial and ethnic groups are overrepresented in the child welfare system compared to their representation in the general population.24 That has long been particularly true for Black and American Indian children.25 In 2020, 23 percent of children in foster care were Black and 2 percent were American Indian, compared to their 14 percent and 1 percent shares of the general child population, respectively.26

Some studies suggest that disparities may be partially linked to higher poverty rates among Black and American Indian families, rates that are attributable in part to structural discrimination disproportionately impacting Black and American Indian people in areas like housing, education, and employment.27 These structural barriers can challenge a parent’s ability to find and maintain stable housing and well-paid employment to provide for a child’s basic needs, which may lead to a child welfare assessment that finds neglect. In addition, both groups’ historical legacies include the forced removal of children from their families — histories that have likely had a lasting impact on these communities and their connection to today’s child welfare system.28


However, some in the child welfare research community argue that higher poverty rates by themselves fall short of explaining why the child welfare system affects such large numbers of Black and American Indian children and families, and that racial bias, including racist stereotypes about parental unfitness, should also be examined as a contributing factor. A significant body of research demonstrates that racial disparities exist at every decision-making stage along the child welfare continuum, including in reporting, investigations, and what results from the investigations, suggesting that families of color are also treated differently than white families once they are involved in child welfare.

At earlier decision-making stages — reporting and investigations — research shows that Black families are reported and investigated by child protection services at higher rates than other families. Another study finds that racial disparities for Black and American Indian families occurring in three different decision-making stages — child protection investigations, substantiated investigations, and placement into foster care — exist at the national, state, and county levels. The same study shows that Black and American Indian children are increasingly represented at later stages such as foster care placement, whereas the proportion of white children decreases at later decision-making stages.

Research also finds that Black children spend more time in foster care and are less likely to reunite with their families. Other studies demonstrate that both Black children and American Indian children are at greater risk of being removed from their homes and placed in out-of-home care, and are more likely to experience the termination of parental rights.

Separating families is thus harmful not only to individual families, but also to entire communities facing family separation at disproportionate rates. Adopting the new guidance is a step in the right direction for states to help address these racial disparities in the child welfare system.

**Efforts to Collect Child Support Are Not Cost Effective**

In addition to their harmful effects on families, efforts to collect child support payments from parents are not cost effective: extending a child’s length of stay in foster care drives up costs to states while child support enforcement agencies lose money overall on child support orders for children in foster care. 

Studies show that more dollars are spent pursuing collections than are collected. A 2017 study in Minnesota found that for every dollar the state child support enforcement agency spent to collect support for this group, it collected only 24 to 40 cents, and researchers in Washington State found a similar result — only 39 cents collected per dollar spent. These findings are also consistent with a 2020 study in Orange County, California, which found that for every dollar spent, county offices only collected 41 cents.

When agencies manage to collect payments, it is usually done by garnishing the paychecks and tax refunds of parents. According to federal data, almost $96 million was collected from parents in 2021, and the highest total amount, over $113 million, was collected in 2020 when states garnished parents’ COVID-19 stimulus checks, which were intended to lessen pandemic-related economic hardship. These collections withheld funds that these parents needed but represent just a small fraction of the total costs of IV-E foster care, which amounted to about $14 billion in 2021.

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35 Roberts, op. cit.


37 Skophammer, op. cit.


40 Shapiro, op. cit.


State Child Welfare Agencies Should Implement Policies Needed to Adopt New Guidance

Children receive IV-E foster care services when they are removed from households with very low incomes. Ultimately, charging these parents for foster care is not cost effective; harms families who are already experiencing economic difficulties; disproportionately impacts Black and American Indian families; and undermines the central goal of the foster care program: family reunification. As HHS’ recent guidance notes, “It is not in the best interest of any family to be pursued for child support when they have already been whipsawed by economic insecurity, family instability, and separation.”

The guidance therefore advises states to implement “across-the-board” policies that default to forgoing child support orders for these families — with exceptions only in very rare instances where there will be positive or no adverse effects on the child, or if such an order will not impede reunification. One way to achieve this, it says, is to avoid support obligations in any cases when a family’s income is below a certain level. For example, states could automatically exempt all Title IV-E foster care cases. (Title IV-E income eligibility is lower than 100 percent of the federal poverty level in all states except one.) For those states that extend child support services to non-IV-E cases, they could set the income level at which support orders can apply high enough to ensure that orders are issued only to families who are economically secure. That is, their incomes should be far above the poverty line and high enough to afford stable housing, food, clothing, transportation, child care, and other child needs after factoring in the costs of any child support obligations.

A state could, for example, automatically exempt families with incomes below the area median income, or some multiple of area median income, to ensure that families with economic stress are not charged for foster care placements. States that charge parents whose children are not IV-E eligible could, if they chose to, take a closer look at families with incomes above this “default” level to be sure that they are financially secure, that a child support order would be in the child’s interest, and that the order would pose no risk to reunification before referring the case to child support. Even for families with incomes near median income, a child support order could still create financial challenges and pose a barrier to reunification.

For cases with established orders, the guidance recommends that agencies consider six-month reviews to determine whether orders continue to be in a child’s best interest, and to stop orders if they aren’t. And when able, states should write off past support owed to the state.

States should move expeditiously to end all orders for children whose families do not have high incomes, to make the necessary policy changes to ensure the default determination is to not refer parents to the child support agency, and to only consider an order when families are economically secure.

Washington State recently said it is taking steps to align with the new guidance. And California just passed legislation that requires the state to develop regulations that limit referrals only to cases

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where it can be demonstrated that referral is in the best interest of the child.44 Other states should follow suit to better support parents’ efforts to reunite with their children and promote family well-being. States may be able to claim Title IV-E administrative funds to make the systems changes necessary to align with the new federal guidance. To do so, states will need a cost allocation plan approved by the Children’s Bureau and Office of Child Support Enforcement program offices.45

Although the steps a state may need to take to align with the guidance may vary, most states will need to take the following steps:

- **Develop clear guidance** establishing non-referral to child support enforcement agencies as the standard practice;
- **Reprogram computer systems** to stop the automatic referral of cases;
- **Provide adequate training** for caseworkers and other agency personnel on new guidance and its practices, including specific criteria for staff to determine the rare cases that should be referred;
- **Establish quality control mechanisms** to review cases that are flagged for referral before they are referred; and
- **Adopt practices that improve coordination between child welfare and child support programs** — programs that are often siloed even though many families involved in the child welfare system are also served by child support.

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44 An act to amend Section 17552 of the Family Code, relating to child welfare agencies, Assembly Bill 1686, https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202120220AB1686.

45 Schomburg and Gray.