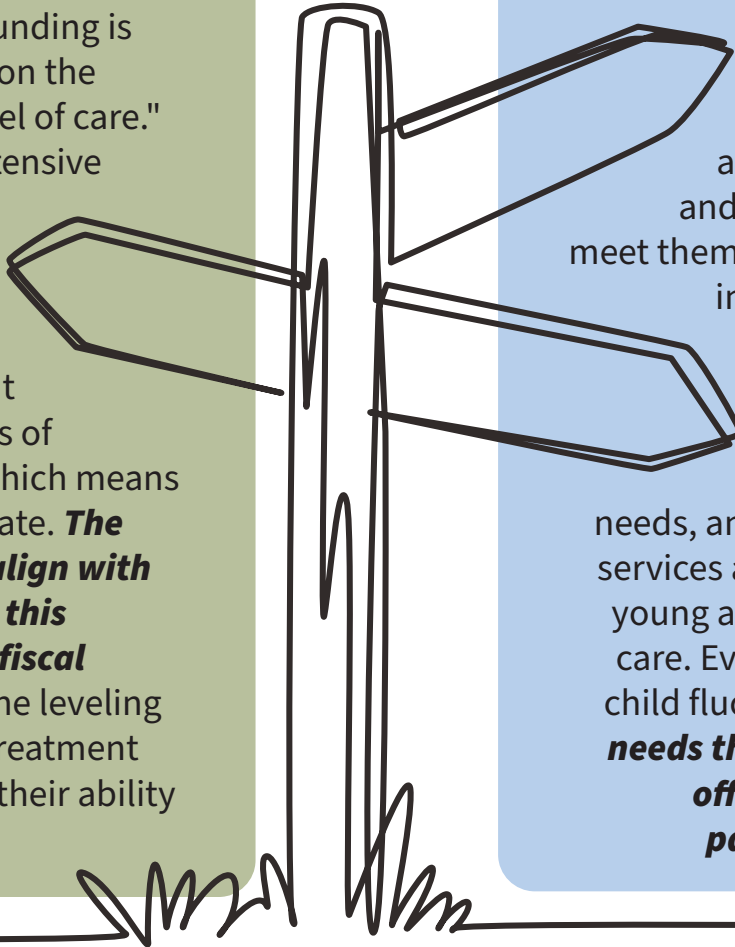


## Foster Care Rate Modernization

Child-Centered Foster Care Funding

### TODAY

Current foster care funding is paid as a rate based on the child's assessed "level of care." A child with more intensive needs corresponds with a higher daily rate to care for that child. In theory this makes sense, but in practice, the needs of children fluctuate, which means payments can fluctuate. **The structure does not align with the cost of care and this fluctuation creates fiscal instability.** Worse, the leveling system can disrupt treatment for the child or limit their ability to sustain progress.



### TOMORROW

The new approach focuses on identifying the specific treatments and services a child needs and the setting that can best meet them. These different settings include organizations that provide crisis stabilization, foster homes that serve primary medical needs, and programs that provide services and homes for youth and young adults transitioning out of care. Even if the behaviors of the child fluctuate, **as long as a child needs the services or treatment offered in that setting, the payment will not change.**

### BRIEF

Recent state investments have helped sustain capacity in the foster care system, but **it is essential that legislators continue to make investments to help community-based organizations build and deliver the range of services that children and youth in foster care need.**

At a time when child welfare faces significant shortages of qualified workers, support through rate increases or dedicated funding would help organizations provide needed staffing levels. It is also important that the state focus on well-funded, well-implemented Community-Based Care and implementing a rate methodology that will reflect the cost of care rather than outdated formulas.

The state continues to have significant capacity issues and is reliant on a patchwork approach including child specific contracts, out of state placements, and use of unlicensed care. **The current system does not incentivize high quality care and relies on providers to cover the full cost of care through fundraising and philanthropy.**

## 87th Legislature Actions

Funded **\$70 million** GR for supplemental foster care payments *for children with high needs* (Community-Based Care and Legacy Systems, HB 5, 87S2).

Funded **\$54 million AF for capacity building activities** (Community-Based Care and Legacy Systems, SB 1 87R, HB 5 87S2).

Included Article II Special Provision Section 26, directing DFPS and HHSC to *develop an alternative rate reimbursement methodology. (SB 1, 87R)*

## 88th Legislature TACFS Recommendations:

In addition to enhanced rates, *continue capacity building funding* to sustain progress made in Community-Based Care regions (**\$47 million**) and support implementation in new regions.

Fully implement Foster Care Rate Modernization including funds to support the transition to new service models. *Support agency administrative costs (\$69.5 million) and rate improvements (\$100 million in the base budget) to support bridge to rate modernization.*

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