

Our Recommendations for the DFPS Legislative Appropriations Request for FY 2026-27

Thank you for the opportunity to provide input into developing the Fiscal Year 2026-2027 Legislative Appropriations Request (LAR) for the Department of Family and Protective Services (DFPS). As DFPS prepares its LAR, we respectfully offer the following recommendations in the areas of family preservation, Alternative Response, support for kinship caregivers, strengthening support for the caregivers of children with complex mental health needs, maintenance for Texas Child-Centered Care, improving the data system, and restoring lost funding for transitional living services. We want to call particular attention to the first section of our recommendations, which includes three recommendations to build on the steps the Legislature has taken to invest in services that safely keep kids with their families and out of foster care.

Safely prevent kids from entering foster care by investing in programs that support families referred to DFPS.

As explained below, the Legislature has shown a growing interest in investing in programs that help children stay safely with their families and avoid entering foster care. Legislators have recognized the trauma and harm that children and families often experience when kids are removed from their homes, as well as the challenges that children and the state experience when more kids are in the state's foster care system. While there are instances when DFPS must remove children for their safety, the three recommendations outlined below offer ways to keep more children safe with their families.

1. Recommendation: Request general revenue funding to continue the family preservation services offered through the Texas Family First Pilots.

Rationale: Over the last two sessions, the Texas Legislature has invested in the Texas Family First (TFF) Pilots as part of its commitment to prioritizing family preservation and reducing the number of children entering foster care. However, the Legislature's reliance on federal grant funding for these pilots is unsustainable because the Family First Transition Act federal grant expires in 2025, and the state does not have a corresponding sustainability plan.

The Family First Prevention Services Act (FFPSA) allows states to access federal matching funds for evidence-based services to prevent children from entering foster care. To draw down this federal funding and continue the TFF Pilots after the grant expires, Texas must:

1. Submit a Title IV-E Prevention Plan outlining state strategies for FFPSA implementation;
2. Obtain federal approval for the plan; and
3. Invest state funding in eligible evidence-based prevention services.

While DFPS works on its plan and awaits federal approval, DFPS must also secure state funding through a new legislative appropriation to continue the TFF Pilots and unlock the full potential of evidence-based mental health, substance use, and parent-skill-building services.

Expected Outcome of Funding: State investment in the TFF Pilots will sustain critical support for children at risk of entering foster care and their caregivers by supporting the ongoing work that DFPS has started in partnership with Community-Based Care contractors to preserve families and keep children safely at home.

2. Recommendation: Request funding to strengthen and expand the availability of evidence-based family preservation services.

Rationale: Families too often face separation when essential services are unavailable or inaccessible. Evidence-based programs and services, such as Multisystemic Therapy (MST), Nurse-Family Partnership (NFP), and Methadone Maintenance Therapy, have effectively helped struggling families stay safely together.¹ **The Legislature has funded 22 MST teams across the state, yet estimates from Meadows Mental Health Policy Institute indicate that Texas needs 140 teams to meet the statewide need.**² Similarly, NFP testified during the 2023 regular legislative session that they do not have the resources to meet the demand for their services across Texas. Geographic location, workforce shortages, or logistical barriers may hinder access to these services. Additional funding is crucial to address these barriers, scale up existing programs, and introduce new ones in Texas.

While federal law allows up to a 50 percent federal match for certain evidence-based programs provided to a child at imminent risk of entering foster care, the current criteria for families to participate in the Texas Family First pilots are limited. Texas currently has two definitions for “foster care candidacy” that dictate whether a service qualifies for a federal match under FFPSA. The first, a newer and narrower definition introduced through HB 3041 (87R), applies exclusively to the TFF Pilots. Meanwhile, the second, a more comprehensive and longstanding definition, applies to other family preservation services in Texas and would enable a broader range of referrals to services to be eligible for federal match funding. DFPS should request state funding that could allow DFPS to receive federal match funding for eligible services offered to the families of all children designated as “Foster Care Candidates” under the longstanding DFPS definition.

The Senate Bill 910 Report from 2022, a collaborative effort between DFPS and Texas A&M University, shows that other states implementing FFPSA use even broader criteria than Texas’ longstanding definition.³ The Report recommended that Texas consider extending federal matching funds for evidence-based preservation services for a broader subset of children and families. This includes:

¹ Programs and services reviewed. Title IV-E Prevention Services Clearinghouse. <https://preventionservices.acf.hhs.gov/program>.

² Ewing, Deidra. MST Texas Annual Report. (2023). Retried January 29, 2024, from <https://evidencebasedassociates.com/wp-content/uploads/2023/10/Texas-Annual-Report-10.30.2023.pdf>.

³ Department of Family and Protective Services. (2022). Study of Options for Implementing Family Preservation Services. CPS Reports and Presentations. Retrieved January 16, 2024 https://www.dfps.state.tx.us/About_DFPS/Reports_and_Presentations/CPS/documents/2022/2022-09-30_SB910_Family_Preservation_Services_Report.pdf.

- Children in Family-Based Safety Services,
- Those who have reunified with their family or been adopted,
- Children whose parents “Refuse to Assume Parental Responsibility,”
- Children of families under Investigation or in Alternative Response, and
- Children at risk of Child Protective Services (CPS) involvement in other service sectors like the juvenile justice system.⁴

Expected Outcome of Funding: Funding for evidence-based preservation services to families at risk of foster care involvement would enhance the availability and capacity of providers offering evidence-based services, ultimately preventing more children from entering foster care and providing crucial support in mental health, substance use treatment, and parenting.

3. Recommendation: Request funding to facilitate the statewide scaling of the Alternative Response (AR) pilot in Region 10 (El Paso) and the comprehensive training of Child Protective Investigations (CPI) caseworkers in the principles of alternative response.

Rationale: Alternative Response (AR), a program initiated by DFPS Investigations in 2014 and available statewide since March 2021, presents a viable alternative for addressing cases of potential child abuse or neglect without immediate safety concerns. This approach emphasizes flexibility and collaboration with families, concentrating on resolving safety issues and minimizing future involvement with Child Protective Investigations without assigning blame or adding individuals to a registry. In fiscal year 2022, 90 percent of AR cases were successfully closed without progressing to more intrusive interventions, such as a traditional investigation or family preservation case.⁵ Texas is one of 30 states using AR.⁶ In 2019, Arkansas and Nebraska participated in demonstration projects to show the effectiveness of this approach. **In Arkansas, families benefiting from AR services experienced a lower likelihood of subsequent CPS cases, reduced foster care placements, and an average state savings of \$150 per family.**⁷ In Nebraska, fewer children entered foster care, and families experienced notably improved access to resources such as education, transportation, or material needs.⁸

AR in Texas is currently limited to low-risk cases involving children aged six and older, but DFPS aims to broaden AR’s scope. A pilot, launching in February 2024 in El Paso, will extend AR services to cover children of all ages and families of infants with prenatal marijuana exposure. The pilot in El Paso is possible because that region had already cross-trained all of their CPI caseworkers in AR, so they had the workforce to make the change. DFPS should seek funding to cross-train CPI caseworkers and expand the pilot statewide so the state and many more children and families can benefit.

⁴ *Id.*

⁵ Department of Family and Protective Services. (2022). CPI Alternative Response: Stages Completed in Fiscal Year. Retrieved January 16, 2024 from https://www.dfps.texas.gov/About_DFPS/Data_Book/Child_Protective_Investigations/Alternative_Response/AR_stages.asp.

⁶ Children’s Bureau. (2020). Differential Response: A Primer for Child Welfare Professionals. Retrieved January 16, 2024, from https://cwig-prod-prod-drupal-s3fs-us-east-1.s3.amazonaws.com/public/documents/differential_response.pdf?VersionId=tLS.XaWFDXnp0uVT3vAvJZX9uqrGE4n6.

⁷ *Id.*

⁸ *Id.*

Expected Outcome of Funding: Funding to scale up AR statewide will reduce repeat contacts with CPS for families, decrease the number of children entering foster care, enhance access to critical resources preventing child abuse and neglect, and generate cost savings for the state by avoiding more expensive child protection interventions.

Strengthen support for relatives and family friends caring for children who would otherwise be in foster care.

4. Recommendation: Request funding to support unverified or informal kinship caregivers.

Rationale: The 2023 Texas Legislature took important steps to help children stay with relatives or family friends instead of entering foster care. They took these steps because kinship care is shown to promote the safety and well-being of children in foster care and to keep kids connected to their families when it may not be safe to stay with their mom or dad. Lawmakers recognized that extended family or close friends are often the best choice for children in the state's care, and it can prevent the need for foster care or aid in a child's exit from foster care.^{9, 10}

Specifically, legislators allocated additional funds for provisional licenses for grandparents, aunts, uncles, or close family friends, commonly referred to as “kin,” and directed DFPS and the Health and Human Services Commission (HHSC) to develop new kin-specific licenses for kinship caregivers. They also appropriated \$7 million to help kin become licensed and meet some of their concrete needs.

However, many Texas children are cared for by kin who step up to help but remain unlicensed – referred to as informal kin – and these caregivers do not receive sufficient support. Of the children living with kin in Texas, less than 10 percent are in licensed kinship homes and have ongoing, adequate financial support from the state.¹¹ To support these unlicensed kinship caregivers, DFPS should request funding to assist kin who are:

- Raising a child post-DFPS investigation;
- Serving as Parental Child Safety Placements (PCSPs);
- Unverified (i.e., “unlicensed”) and caring for a child in the state’s conservatorship; or
- Acting legal guardians without Permanency Care Assistance (PCA).

⁹ Administration for Child and Family Services. (2022). With a Focus on Prevention and Kinship Care, Number of Children Entering Foster Care Decreases for the Fourth Consecutive Year. Retrieved February 2, 2024, from <https://www.acf.hhs.gov/media/press/2022/focus-prevention-and-kinship-care-number-children-entering-foster-care-decreases>.

¹⁰ American Bar Association. Kinship Care is Better for Children https://www.americanbar.org/groups/public_interest/child_law/resources/child_law_practiceonline/child_law_practice/vol-36/july-aug-2017/kinship-care-is-better-for-children-and-families/#:~:text=Kin%20caregivers%20also%20provide%20higher,through%20guardianship%2C%20custody%20or%20adoption.

¹¹ Cooper, Rachel. (2022). Kids Living With Relatives (Kinship Care). Retrieved January 30, 2024 from <https://everytexan.org/our-work/policy-areas/worker-power-thriving-families/kids-living-with-relatives/>.

Financial barriers are often the biggest obstacle for unlicensed kin to continue caring for and raising a child. Nearly half (46 percent) of the children who live with kin are in low-income homes living below 150% of the poverty line.¹²

There are several reasons why kin might care for a child through one of the above arrangements and not be licensed:

- As the state has attempted to resolve more cases in ways that do not require removal, the demand for kinship care has increased. In some circumstances, DFPS may close an investigation without further intervention if children are safely living with kin. Yet, the kinship caregiver does not receive state support and would have no reason to become licensed.
- While some cases close without any services provided by DFPS, others involve formal agreements between parents and the state, called PCSPs, which require children to temporarily live with kin to prevent the state from taking legal custody of the child.¹³ In each of these cases, DFPS would assess the safety of the caregiver and their home before allowing the child to live with kin. The kinship caregiver does not receive additional state support.¹⁴ Over the last two years, about 500 children have spent some time with a PCSP caregiver each month – and, thankfully, less than 5 percent of those children end up in foster care.¹⁵ **In these circumstances, kin cannot become licensed – it is not an option for them because they are not caring for children in state custody.**
- For kids who enter foster care, the new licensure options adopted by the Legislature encourage more kin to get licensed and receive equal pay to other foster parents. Both licensed and unlicensed kin are assessed for safety before a child in the state’s care may be placed with them. Licensed kin receive double the pay, additional soft support, and other resources from the Child Placing Agencies that license them. While licensure has many benefits, some kin may remain unlicensed and receive significantly less support than strangers caring for children in foster care. **Although licensure has always been an option for kin, in FY 2022, over half of the children who spent time living with kin while in foster care lived with relatives who were unlicensed.¹⁶ Some kin have been denied licensure due to strict licensing standards, while others have chosen not to become licensed because they do not trust the state or want more people involved in what feels like a family affair.** Hopefully, the new licensing options will address concrete barriers to licensing kin, but they will not address mistrust of the system or privacy concerns.
- Finally, if kin are not licensed for at least six months before a child leaves care, they are ineligible for PCA, which provides ongoing financial support to kinship caregivers who become a child's permanent

¹² Cooper, Rachel. (2016). Keeping Kids with Family: How Texas Can Financially Support Kinship Caregivers. Retrieved January 30, 2024, from https://everytexan.org/wp-content/uploads/2020/04/HW_2016_Kinship_InterimHearing.pdf.

¹³ Texas Department of Family and Protective Services. DFPS Policy Handbook: 3200 DFPS Actions When Danger to A Child Is Present. (2023). Retrieved February 1, 2024 from https://www.dfps.texas.gov/handbooks/CPS/Files/CPS_pg_3000.asp#CPS_3210.

¹⁴ Asgarian, Roxana. Hidden Foster Care: All of the Responsibility: None of the Resources. (2020). Retrieved January 29, 2024 from <https://theappeal.org/hidden-foster-care/>.

¹⁵ Texas Department of Family and Protective Services. Active Parental Child Safety Placements. (FY 2022-2023 monthly data). Retrieved January 30, 2024, from https://databook.dfps.texas.gov/views/cps_pcsp_06_dfps/monthly_summary?%3Aembed=y&%3AisGuestRedirectFromVizportal=y.

¹⁶ Texas Department of Family and Protective Services. CPS Substitute Care: Placement Types During Fiscal Year. (FY 2022). Retrieved January 30, 2024, from https://www.dfps.texas.gov/About_DFPS/Data_Book/Child_Protective_Services/Placements/Substitute_Care_During_Fiscal_Year.asp.

legal guardian.¹⁷ Unfortunately, 84 percent of kinship caregivers who became legal guardians of children in FY 2022 did so without PCA – and therefore without additional state support.¹⁸

Expected Outcome of Funding: Funding to support unlicensed kinship caregivers who step up to raise a child will ensure more children grow up in familiar settings with trusted caregivers, benefitting from sustained family connections and enhanced safety and well-being.

Enhance support for children and families who are involved with DFPS.

5. Recommendation: Request funds so DFPS can staff certified family partners and youth peer support specialists at the Department to enhance support for children and families involved with the child welfare system.

Rationale: On January 11, 2022, a panel of experts, appointed independently by the state and the plaintiffs in the M.D. v Abbott foster care lawsuit, put forth recommendations in the document "Recommendations for improving Texas' Safe Placement and Services for Children, Youth, and Families." The primary goal of these recommendations is to help the state find safe, stable homes for all children without placement in Texas foster care, particularly older youth with significant mental health challenges who make up the majority of children without placement.

To tackle this issue, the expert panel proposed expanding Parent Collaboration Groups to establish robust family partner support services. We recommend initiating a collaborative effort between DFPS and the HHSC Peer Services Unit to certify family partners dedicated to serving children and families involved with the child welfare system. While HHSC would continue to certify family partners, DFPS could hire them to support kinship caregivers and families involved with Joint Managing Conservatorship, Alternative Response, Family-Based Safety Services, the Residential Treatment Center Project, foster families who agree to serve children without placement, and post-permanency families. **Family Partners are supportive individuals who, through their own experiences, understand the challenges families face when a child has significant mental health needs. They ensure family input in decision-making, serve as role models, and help navigate resources, leading to improved understanding, advocacy skills, and stronger parent-child relationships.**

Additionally, we recommend developing youth and young adult peer support services to aid children without placement. DFPS should seek funding to expand access to these services, ensuring that more youth with mental health challenges can benefit from the expertise of youth and young adult peer specialists. **Peer support specialists, drawing from their shared experiences and understanding, possess a unique capacity to support youth in healing from the trauma they have experienced and improving their mental well-being.**

¹⁷ Texas Department of Family and Protective Services. Permanency Care Assistance Handout. Retrieved January 29, 2024 from https://www.dfps.texas.gov/Child_Protection/Kinship_Care/documents/PCA-Handout.pdf.

¹⁸ Texas Department of Family and Protective Services. Child Protective Services (CPS): Exits from DFPS Legal Custody, Avg Months in Care & Average Placements. (FY 2022). Retrieved January 30, 2024, from https://www.dfps.texas.gov/About_DFPS/Data_Book/Child_Protective_Services/Conservatorship/Exits.asp.

Establishing Family Partner and Youth Peer Support positions at DFPS will offer opportunities for those with lived experiences to have meaningful employment that supports and supports their own mental health and well-being while adding to the mental health care workforce.¹⁹

Expected Outcome of Funding: Supporting certified family partners and certified youth peer support specialists would strengthen caregiver support, improve children's well-being – especially those facing mental health challenges without foster care placements – and create employment opportunities for caregivers and young adults to strengthen their long-term stability and overall well-being.

Improve infrastructure at DFPS to ensure children in foster care are safe, stable, and well-supported.

6. Recommendation: Request funds to maintain the Legislature’s investment in Texas Child-Centered Care (T3C), previously known as “rate modernization.”

Rationale: The 2023 Legislature fully funded DFPS and HHSC’s foster care “rate modernization” proposal, now known as T3C, providing a \$220 million increase. Outdated payment structures caused children to change homes more often and did not provide enough funding to foster care providers to support the unique needs of children fully. For example, under the old system, payments were based on a child’s level of care (basic, moderate, specialized, intense, etc.) as determined by a third-party assessor, and certain homes were only licensed to serve kids at specific levels. If two siblings lived in a home licensed to serve children with a basic level of care, and one sibling was reassessed as having specialized needs, the siblings may be moved or separated. The new investment in T3C will result in a substantial pay increase for foster care providers, allowing them to serve children better and offer more targeted services to meet the children’s needs with greater accountability for how funds are spent, thereby reducing the disruption that children in foster care too often experience. The Legislature must continue funding T3C beyond the 2025 Legislative session to sustain this positive impact.

Expected Outcome of Funding: Continued investments in T3C will enhance providers’ capacity to meet the unique needs of children in foster care, leading to improved placement stability and higher-quality foster care services.

7. Recommendation: Request funds to overhaul the DFPS IMPACT data system, as envisioned in the DFPS Workgroup recommendations.

Rationale: The DFPS data system, “IMPACT,” requires a comprehensive overhaul to address criticisms raised in the *M.D. v Abbott* foster care lawsuit and align with new federal data standards for state child welfare systems.^{20, 21} Funding is necessary to upgrade and modernize IMPACT, improve data collection and storage,

¹⁹ *Workforce: Peer support workers*. NAMI. Retrieved January 24, 2024, from <https://www.nami.org/Advocacy/Policy-Priorities/Improving-Health/Workforce-Peer-Support-Workers#:~:text=understanding%20of%20patients,-Peer%20support%20work%20creates%20an%20opportunity%20for%20those%20with%20lived,to%20the%20health%20care%20workforce.>

²⁰ Children’s Rights. (2020). *Federal Monitors Report Children in Texas Foster Care Remain at Serious Risk*. Retrieved January 16, 2024, from <https://www.childrensrights.org/news-voices/federal-monitors-report-children-in-texas-foster-care-remain-at-serious-risk>.

²¹ Texas 2036 and Texas Alliance for Child and Family Services. (2023). *Modernizing Texas’ Child Welfare IT System*. Retrieved January 16, 2024, from

and achieve interoperability with other child-serving systems. For example, IMPACT cannot connect with the state's separate data system that tracks licensing violations of foster homes and facilities, which has hindered the state's ability to ensure child safety and allowed perpetrators of child abuse to continue working with children in foster care too long. Additionally, interoperability and improved data storage would benefit children with complex needs, as medical records currently cannot be stored in IMPACT, which could have serious consequences such as the overprescription of psychotropic medication.

Expected Outcome of Funding: An upgraded system and improved data storage will ensure that critical information about children is secure, organized, and accessible for informed decision-making.

Increase investment in programs supporting youth who may age out of foster care.

8. Recommendation: Restore lost funding for Transitional Living Services.

Rationale: The 2021 Legislature cut general revenue for DFPS' Transitional Living Services, affecting crucial services for youth aging out of foster care. Although funding from the American Rescue Plan Act (ARPA) temporarily supplemented this cut, the expiration of this funding left a gap. In Texas, about 18 percent of children in foster care are aged 14 or older.²² Sixty percent of youth ages 14-21 receive at least one transition service.²³ Young adults who have experienced foster care in Texas are less likely to have health insurance, less likely to have a high school diploma or GED+, more likely to be incarcerated, more likely to be unemployed, more likely to be young parents, less likely to have stable housing, and less likely to be enrolled in postsecondary education such as vocational training or college than their peers nationwide.²⁴ Restoring funding for transitional living services will ensure that more youth receive the support they need to be successful in adulthood.

Expected Outcome of Funding: Restored funding for Transitional Living Services will address critical needs for youth aging out of foster care, such as experiential life skills training, housing services, employment and educational support, and more.

https://texas2036.org/impact/?_gl=1*12zdl0*_ga*NzMOODc1MIY3LJE2OTq5NjM4ODI.*_ga_33603HPQJ8*MTcwNTQzMzEyOC40LjEuMTcwNTQzMzEyMC41OC4wLjA.&_ga=2.233733978.579081220.1705427825-734875267.1698963882.

²² Annie E. Casey Foundation. (2023). 2023 Texas Profile: Transition-Age Youth in Foster Care. Retrieved January 16, 2024, from <https://assets.aecf.org/m/resourcedoc/aecf-fosteringyouth-stateprofile-TX.pdf>.

²³ *Id.*

²⁴ *Id.*