

ADMINISTRATION FOR CHILDREN & FAMILIES

Child Welfare & Direct Cash Transfers

What are direct cash transfers? Direct cash transfers are payments made directly to individuals or families, by a government or non-profit organization, for the purpose of promoting economic stability and mobility at the household level.

The Federal Government has long recognized the benefit of providing resources to no- and low-income parents to support family maintenance.

In particular, the first statutory goal of Temporary Assistance for Needy Families (TANF) is to “provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives” (42 USC § 601(a)(1)). More recently, in the [Child Maltreatment 2022](#) report, Children’s Bureau Associate Commissioner Aysha E. Schomburg urges readers to think about a series of questions including, “ways to support families who have economic needs in order to prevent child maltreatment or child welfare involvement” (Children’s Bureau, 2024).

There are several intersections between lack of financial resources and child welfare involvement. Nearly 83% of families investigated by child protective services nationwide have incomes below 200% of the federal poverty level, and recent research has elevated the significance of economic hardship as a predictor of child welfare involvement (Anderson et al., 2024, citing Casanueva et al., 2024 and Kim & Drake, 2023; Children’s Bureau, 2023).

Financial hardship causes psychological distress in parents (Ryu & Fan, 2023), which has been linked to “harsh, inconsistent, and detached parenting” (National

The Resilient Families Hub is an interagency effort to expand knowledge of cash transfer programs within the federal government as part of the Facing Financial Shock initiative. Developed by the Executive Order on Transforming Federal Customer Experience and Service Delivery to Rebuild Trust in Government (EO 14058), the mission of FFS is to provide stability and smoother pathways to resilience through better benefit delivery, better benefits, and better jobs.

Academies of Sciences, Engineering, and Medicine, 2019). In addition, parents with low incomes may have no way of accessing needed goods or services when faced with an income shortfall, forcing the family to forgo weather-appropriate clothing, sufficient food, housing, medicine, childcare and more. A parent's failure to provide these necessities to children may run afoul of state abuse and neglect statutes that enumerate inadequate shelter and clothing (98%), malnourishment (96%), or inadequate supervision (100%) as statutory violations (Weigensberg et al., 2021). While a slight majority of states (58%) exclude financial inability to provide for a child from their legal definition of neglect, the exclusion alone does not guarantee reductions in neglect cases.

As noted by a recent report by the U.S. Commission on Civil Rights, the child welfare system "spans all levels and branches of government ... and impacts children and families in nearly all communities and of all backgrounds. Within this broad reach, however, Black families are disproportionately represented and may face more severe and persistent harms (NY Advisory Committee to the U.S. Commission on Civil Rights., 2024). As noted in a 2020 journal article, removing children from their parents is "the government's most drastic intervention to protect children," and can inflict serious trauma and may contribute to adverse outcomes in adulthood (Sankaran et al., 2019; Sariaslan et al., 2021).

As detailed by Anderson et al., a growing body of evidence supports the proposition that adding income supports reduces the risk of child welfare involvement. In addition to the potential for direct cash to reduce involvement with the child welfare system, there is a body of research on the ability of cash transfers to support engagement in and the effectiveness of evidenced-based prevention services and programs.

- Mothers who receive TANF and are eligible to receive full child support for their children (the child support is disregarded in determining TANF benefits) are 10% less likely to have a child subject to a screened-in maltreatment report (Cancian et al., 2013).
- State policies that increase family access to TANF benefits are associated with reductions in foster care placements.
 - An estimated 29,112 children would not have entered foster care nationally between 2004 and 2016 if states had made it easier for

- families to receive TANF cash assistance (Ginther & Johnson-Motoyama, 2022).
- A 10% increase in state public benefit levels for a family of four was predicted to reduce foster care placements by 8% (Paxson & Waldfogel, 2003).
- Each additional \$1,000 that states spend annually on public benefit programs per person living in poverty is associated with:
 - 4.3% reduction in child maltreatment reports
 - 4% reduction in substantiated child maltreatment
 - 2.1% reduction in foster care placements
 - 7.7% reduction in child fatalities due to maltreatment (Puls et al., 2021)
 - A study of an evidence-based home visiting program for child welfare-involved families found that increasing flexible funding to help with emergency needs resulted in greater engagement in services, higher attainment of goals, and less maltreatment recurrence (Rostad et al., 2017).
 - A COVID-era study found that families who received either monetary or in-kind basic needs support through a home visiting program had longer program retention, higher rates of completion, and higher rates of meeting the program's objectives (Prenatal-to-3 Policy Impact Center, 2023).
 - Studies have found evidence of an association between more generous EITCs and reductions in indicators of child maltreatment. A recent quasi-experimental study found that the largest reductions in child maltreatment reports were found in the three weeks after refund issuance, and an estimated 5.0% report reduction for several weeks for each additional \$1,000 per child in refunds (Kovski et al., 2022).

Recent Cash Transfer Demonstrations

To further develop the available research, a few sites around the country are providing direct cash assistance to families at risk of child welfare involvement.

NYS Direct Cash Transfer Research Pilot: The New York State Office of Children and Family Services (OCFS) and the state Office of Temporary and Disability Assistance (OTDA) partnered on the Direct Cash Transfer Pilot Program to study the impacts of direct cash transfers on participating families' future contact with the child welfare system. Approximately 150 families across three NY counties received \$500 per month for 12 months. ([Link](#))

Mother Up Pilot: A privately funded, randomized controlled trial (RCT) demonstration program in Washington, DC, that will provide \$500 per month for 3 years to mothers who have had current or recent involvement with the DC Child & Family Services Agency or Child Protective Services. ([Link](#))

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