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The Mixed Economy of 'Foster Care': Public and Private Child Welfare in the New Deal

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This paper examines the historical evolution of the private-public sector mix of U.S. child welfare and foster care provision that emerged during the New Deal. Drawing on archival sources, it details debates and dialogues between public and private sector providers and suggests that New Deal era foster care exemplifies the unique aspects of the U.S. welfare state.

Keywords: Foster Care, Mixed Economy, Public Child Welfare, Private Child Welfare.

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Introduction

Scholars understand child welfare provision in the United States to reflect the larger complex nature of the American welfare state, including its' characteristic mix of public and private provision (Pecora et al., 2009; Sealander, 2003). This paper considers the historical evolution of these dynamics and examines the early relationship between the voluntary or charitable child welfare and public sector child welfare and, more specifically, family-based foster care provision. The early relationship between private and public child welfare providers was largely forged during the 1930s which witnessed significant expansion of the U.S. welfare state under Roosevelt's New Deal. Drawing from a larger study on the history of U.S. foster care provision, the paper relies on a mix of archival, historical sources, including a variety of professional writings from major academic and social welfare outlets and government documents to explore the burgeoning relationship between private and public sector foster care provision.

Historical background: U.S. voluntary sector in American child welfare provision

Scholars who point to the unique aspects of American welfare provision in comparison to other western industrialized nations often note it's federated system highly reliant on state-local authority, the smaller amount of welfare state spending relative to GDP (Esping-Anderson, 1990), and it's "mixed economy" of welfare (Gilbert & Terrell, 2002), or strong private sector involvement in social welfare provision (Skocpol, 1995; Sunz, 2012). This voluntary social welfare sector dates back to America's founding, but grew significantly in the 19th and early 20th centuries during U.S. industrialization and urbanization, when economic growth propelled wealth accumulation and a variety of altruistic organizations formed to address visible social problems associated with industrialization. The voluntary sector worked in concert with states localities to develop early child welfare infrastructures (Skocpol, 1992).

These charitable dollars helped to finance the beginnings of what historians refer to as the 'child saving' movement (Platt, 1969, 2009). In the 19th and early 20th centuries, as child poverty, abuse, homelessness and other urban ills became more visible, a reform movement developed around the perceived needs of low-income and immigrant children. In the 19th centruy, the movement facilitated the development of child protective societies that addressed child abuse and forms of neglect as well as early orphanages and congregate homes for youth. These developments occurred within charitable private sector, although 19th century state and local public monies were used to fund institutional care and other child welfare services. Many of these reforms were sectarian in nature, either associated American Protestantism or Catholicism (Bernstein, 2001; Crenson, 1998; Gordon, 1995).

As the movement grew in the early 20th century, many child welfare advocates became associated with a progressive reform movement which called for greater government intervention into social welfare, including child welfare. The movement had significant success, and a variety of reforms were passed in the early 20th century such as child labor laws, compulsory education, mother's pensions for widowed women unable to support their children, and the establishment of a separate juvenile justice system for children. These reforms largely took hold at the local and state level, as significant federal intervention into child welfare and social welfare more generally did not occur until significantly later. Scholars argue that many of these reforms were regulatory in nature and they left significant room for voluntary provision to flourish in this period, which it continued to do. (Gordon, 1995; Sealander, 2003.)

By the early 20th century, the progressive child saving movement, in concert with emerging social science concerning child development, crafted a strong critique of institutional care for children. In many cases, children left in orphanages were not actual orphans, but rather children of families or single parents too poor to care for the children in their homes. In lieu of the orphanage, progressive reformers advocated for financial assistance for families who were unable to support their children and promoted the ideal of foster care in a family setting for children who could not live with their parents. In many industrialized areas in the early twentieth century, a nascent foster care was offered through the voluntary sector, charitable agencies that oversaw the care of children in foster family homes, often subsidized with public monies (Ashby, 1997). In reality, most children who received out of home care remained in institutions through the 1940s, but there was a marked shift. In 1923 10% dependent children in out of home care were in boarding homes, but by 1933 this figure was 27 percent (Children's Bureau, 1935 as cited in Rymph, 2012).

In sum, in the early twentieth century, the U.S. had an emergent public social welfare structure largely dependent on public funds from state and local government. Its voluntary sector was most developed in industrialized cities. A public-private mix thus characterized nascent child welfare and foster care provision. For instance, according to the 1923 census of U.S. child caring agencies 20% of child caring agencies were under public auspices and 80% were under private care (Frankel, 1934).

Depression and New Deal: Transformation to the public sector

This private-public mix of private charities and local/state government support was initially called upon to respond to the devastation of the depression that hit the United States in the late 1920s and 1930s. Then president Herbert Hoover attempted to both direct and integrate charitable giving into the response to the Depression, using the federal government to help coordinate private response. But as scholars recognize it collapsed under the weight of the need (Trattner, 2007). As critics began to call for federal monies to support relief efforts, Hoover resisted believing it would dry up private sector giving and open up uncontrollable federal spending, but between 1928 and 1932 1/3 of all charitable agencies in the U.S. shut down due to lack of funds (Trattner, 2007).

In response to Hoover's inability to deal with the depression, Franklin Delano Roosevelt (F.D.R.) was elected in 1932 on a platform that advocated great federal involvement in stabilizing the economic crisis and in social welfare provision. Under his "New Deal" policy, FDR established a variety of federal responses that aggressively intervened in both the economic and humanitarian crises. Referred to as the 'big bang' the 1935 Social Security Act gave rise to federal social welfare state and remains the bedrock of the American welfare state, having established social insurance for the elderly and the unemployed and a variety of categorical, means tested programs for the poor elderly, and disabled (Skocpol, 1995; Trattner, 2007).

FDR's vision of the role of the charitable sector was significantly different from Hoover's. FDR believed the public sector should function independently and distribute its own relief and scholars contend that philanthropy's role was marginalized during the New Deal (Sunz, 2012). In 1933, Harry Hopkins, the head of FDR's Federal Emergency Relief Administration, barred the distribution of federal funds to private agencies. Roosevelt and Hopkins expressed concerns that charities would become dependent on federal funds, thus forming an outside interest group, and Hopkins in particular felt that charitable relief and its casework methods stigmatized the poor and made them feel guilty for their plight (Gordon, 1995; Sunz, 2012). The expansion of the public sector had a significant impact on the role of private sector. For instance, in the U.S. census of public relief in 116 cities, private could be counted for covering a quarter of needs in 1929, by 1935 privates provided only 1.3% of total relief funds (Brown as cites in Sunz, 2012, p. 126)

Child Welfare and the New Deal

The New Deal and the Social Security Act did provide significant, if indirect, assistance to children. Child welfare advocates felt that the social insurance and unemployment would assist needy families and prevent the disruption of home life, including the need for institutionalization and foster care. In addition to social insurance, the Social Security Act established Aid to Dependent Children, the means tested, cash assistance program for single mothers and their children, which was modeled on earlier widows' pensions. The program, however, was not funded as generously as the social insurance titles, required significant state contributions, and left localities and great deal of discretion in terms of eligibility requirements. Extant scholarship explores the various forms of discrimination families faced based on race and norms around morality (Curran, 2003; Gordon,1995). Nonetheless, child welfare advocates were generally pleased and believed that ADC funds would halt the breakup of homes for 'reasons of poverty.'

Importantly, in addition to Aid to Dependent Children, another title (Title V Part III) of the Social Security Act gave states federal grants for child welfare services. The services were to be directed at dependent, and neglected children, and children in danger of becoming delinquent, particularly in rural areas, where child welfare infrastructure was minimal. However, the amount of funding provided was small and, as mentioned, primarily directed towards rural areas. The grants provided 1.5 million in lieu of $25 million earmarked for ADC (Rymph, 2012). The Children's Bureau, the federal agency charged with overseeing the distribution of the funds and the implementation of the title, recommended that the funds primarily be used for granting states assistance in organizing local services, providing consultant services to states, funding demonstration projects methods, and training a professional child welfare work force (Atkinson, 1936). While the funds could be used for payment for part of the cost of local child welfare services in predominately rural areas, they were typically not directed toward direct services. Following the belief in the separation of public and private sectors, Harry Hopkins ruled that federal funds could not be used for subsidizing the cost of voluntary sector foster home care (Rymph, 2012).

In sum, the New Deal provided more federal support to child welfare than ever before. However, the monies paled in comparison to the aid provided to the elderly and other groups. Indeed, scholars argue that U.S.'s high child poverty rate in comparison to other western industrialized nations—21.8% in 2012 according to the U.S. Bureau of the Census—historically stems from the failure to include more robust measures protecting children's economic security in the New Deal legislation (Lindsey, 1994; U.S. Bureau of the Census, 2013). Most significantly, for the purposes of this discussion, the architects of the New Deal did not want to involve the federal government too deeply in child welfare service provision, including funding foster care.

Child Welfare Community Responds to the New Deal

While funds were relatively minimal in terms of supporting significant service provision, public sector child welfare did grow and had an impact on existing foster care provision during the New Deal. F.D.R and Harry Hopkins sought to disentangle the public sector from charitable provision and overtake voluntary sector initiatives with a public sector presence. Yet in the case of child welfare and foster care, by failing to provide more significant federal intervention, they inadvertently helped to maintain the role of the voluntary sector and further encouraged the private-public mix that remains characteristic of much contemporary foster care provision.

The Voluntary Sector Response

As the public sector expanded, child welfare and foster care providers and advocates from both arenas attempted to both direct developments in the field and protect their own interests. Voluntary providers welcomed public support, while attempting protect against potential marginalization of the private sector. Even before the depression, many from the voluntary child welfare community called for public sector growth. In 1927, C.C. Carstens, President Child Welfare League of American, the national umbrella organization representing voluntary sector child welfare agencies, stated that "from the national standpoint, there is not more pressing question in the whole field of children's work than the way in which public service in the care of children can be made to assume a reasonable share of the work" (Carstens, 1927, p. 3). Many within the voluntary sector recognized that they did not have the resources necessary to support a comprehensive child welfare program (Thurston, 1926). Advocates for increased public involvement pointed out that not only did the private agencies suffer from lack of funds, but their funding was often dependent endowments or bequests that financed only certain types of services, and they thus lacked the flexibility to respond quickly to changing community needs (Trout, 1940). With the advent of the depression, this situation only became worse. In a 1933 telegram to F.D.R. requesting a meeting, the CWLA board of directors noted that while relief funds had helped many children remain with their families, children who could not were instead being placed in dangerous institutions and almshouses with the elderly and mentally ill. Voluntary foster care agencies were faced grave financial trouble, the telegram emphasized, as families could no longer provide any payment toward the cost of boarding care. The CWLA requested federal assistance, noting that in half of all the states, children in foster care only had the help of underfunded private agencies (Murphy, 1933). Moreover, advocates noted that local public funds, that had once assisted charitable foster care agencies and other child welfare efforts, was now being redirected toward general relief efforts (Douglass, 1931).

While voluntary child welfare providers advocated for greater federal and public presence, they also recognized that it was not a cure all and viewed public sector expansion with ambivalence. First, there was a fear that the growth of public sector child welfare posed a threat to the private agencies. Advocates worried that not only that their functions could be overtaken by public agencies, but also that they would face increased difficulty in financing as local public funds were redirected to public efforts and donors interpreted public sector growth as a justification for redirecting their funds elsewhere (Baker, 1940).

In addition to fears regarding competition for monies and function, leaders in the voluntary sector expressed concern about the quality of service in the public sector. For instance, some advocates expressed concerns that public monies to states would end up fostering overly centralized services if workers were not geographically dispersed, leading to the removal of children from their communities for foster homes without significant investigations and follow up with families (Child Welfare League of America Bulletin, 1938). Moreover, professional social workers were still relatively few in number at the time of the New Deal and private sector child welfare agencies often served as a site of innovation and professionalization in casework methods (Baker, 1940). One Children's Bureau official noted that in some states professional social workers were "in great disrepute with the politicians" and thus may not be hired in public child welfare agencies, potentially undermining staff quality (Atkinson, 1936, p. 470). Some worried that the reliance of civil servants in many state/local welfare programs thus challenged the professionalization of the child welfare field and the growth of professional social work more generally.

Public Sector Response

Despite some concerns from private child welfare charities that public growth could set off a competition for resources and control, this fear was overstated given the limited amount of federal resources devoted to child welfare under the New Deal. The federal officials at the Children's Bureau, which had a long history of cooperation with the voluntary sector, understood the mutual dependency between both sectors and sought a cooperative approach. At the 1937 Children's Bureau conference devoted to the development of public service, officials concluded that "Private agencies operating under approved standards should have the fullest opportunity for development….good public service should be fostered by good private service" ("Notes and comments," 1937, p. 303). The report from the conference stressed "cooperation between public and private agencies" and argued that both sectors were responsible for supporting children's needs, interpreting these needs to the public, and for maintain adequate standards of service ("Notes and comments," 1937, p. 305). Officials at the Children's Bureau, many of whom had deep ties with private agencies, sought to minimize perceived threats to the voluntary sector. They even maintained that private agencies had a role in the "extension of child welfare activities to uncovered areas," a task that was explicitly delegated to the publics under the Social Security Act ("Notes and comments," 1937, p. 305). Moreover, the Children's Bureau largely positioned the public state agencies as coordinators and overseers of local and private child welfare and foster care agencies, and as a data collection and quality assurance point. This public role left the voluntary sector's service provision monopoly largely untouched. Children Bureau officials, however, did recognize a distinct public responsibility: "to search out children in need and to provide care suited to the individual child, weather directly or through authorized agencies" ("Notes and comments," 1937, p. 305). In other words, it was a distinct public responsibility to ensure that children in need received care.

The Children's Bureau also addressed the issue of public subsidies to private agencies that FDR and his administration sought to minimize. While Harry Hopkins had banned the use of federal funds to support foster home care, localities and states continued to subsidize private agencies. At the 1937 Children's Bureau conference, participants concluded that 'Where public funds are paid to private agencies, they should be authorized on a per capita per diem basis for services rendered to individual children and should as nearly as possible cover maintenance costs" ("Notes and comments," 1937, p. 307) and a post-conference report advocated for an even more generous subsidy system. This debate was perhaps one of the most controversial areas of evolving relationship between private and public child welfare sectors. Critics of the subsidy system noted the sectarian nature of most voluntary agencies and the problems this posed for democratic care. One commentator described how "religious and nationalistic groups are often more energetic in organizing institutions and agencies for their groups than are non-sectarian associations. Thus there is a disproportionate provision for certain children and inadequate provision for others" (Johnson, 1929, p. 206). These fears became increasingly salient as the African American population grew in many northern industrialized cities and African American children were refused services from certain sectarian foster care agencies and instead disproportionately served by institutions. Critics of the sectarian subsidy approach proved prophetic, as this race-based overrepresentation ultimately resulted in an infamous federal class action lawsuit against the New York Child Welfare Administration stating the city denied children services as it placed them according to religion and race rather than need (Bernstein, 2003).

Conclusion

As described, the 1930s witnessed the growth of a federal, public presence in child welfare and foster care. In 1936 there were 27 states with administrative divisions within public welfare for services to children and by 1940 47 states had these in place ("Notes and comments," 1940). Relatedly 1/6 of U.S. counties received federal funds for foster care, although the monies could not be used for direct care (Children's Bureau, 1940). Yet private sector provision remained strong. One-half of all children in foster care were served by private agencies in 1940 (Children's Bureau, 1940). The Social Security Act facilitated the growth of public sector child welfare, but the growth was limited and the void in services continued to be partially filled by the private sector.

Extant scholarship argues that the New Deal relegated child welfare provision to a second tier status larger U.S. welfare state (Gordon, 1995; Sealander, 2003). While the initial architects believed that benefits provided through social insurance programs aimed at adult workers would trickle down to children, this has proved historically incorrect given disproportionate poverty among U.S. children. Building on this contention about the status of child welfare in the New Deal, I would further suggest that New Deal policies set U.S. child welfare and foster care on a path reinforcing a "mixed economy," one in which the private and public sectors sought to work collaboratively and competitively, seeking to protect their own interests and those of children.

Public sector child welfare provision underwent a significant growth spurt in the 1960s onwards as child abuse and neglect rose in public and political consciousness and administrative changes allowed for welfare monies to follow children into foster homes (Ashby, 1997). Nonetheless, in the contemporary U.S., family based foster care provision remains a mixed economy in many states and localities, exemplifying the unique structure of the U.S. welfare state.

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