



HITTING THE M.A.R.C.

Establishing Foster Care Minimum Adequate Rates for Children

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Julie Farber
Director of Policy
Children's Rights

Diane DePanfilis
Director
Ruth H. Young Center for Families and Children
University of Maryland School of Social Work

Karen Jorgenson
Executive Director
National Foster Parent Association





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Goal of Project

- Develop an economic model for establishing Foster Care Minimum Adequate Rates for Children
 - Based on true expenses of caring for a child in foster care
- Adaptable on a state-by-state basis
 - Reflecting regional differences in the cost of living



What are foster care rates?

- Payments to foster parents that are supposed to cover the expenses of caring for children in foster care
- Funded with a combination of federal, state and local dollars



Children in Foster Care

- 513,000 Children in foster care
- 74% are placed in foster homes
- 18% are placed in group homes/institutions



Project Rationale

- Frequent reports that rates do not cover actual expenditures by foster parents on the children in their care
- Research suggests that low rates impact foster parent recruitment and retention



Project Rationale

An inadequate pool of foster parents may result in:

- More children experiencing multiple placements
- Children placed far from their families and neighborhoods
- More reliance on residential care
- Fewer children achieving permanency in a timely fashion



How Foster Care Rates Are Currently Determined

- Broad federal guidelines
- No federal minimum
- No federal requirement for particular methodology
- No federal requirement for states to submit rate-setting methodology



Current Foster Care Rates

- Determined on a state by state basis
- Very Wide Range
 - Nebraska \$226/month to Washington, DC \$869/month (basic rate for child, age 2)
- Current National Average Basic Rates
 - \$488/month (at age 2)
 - \$509/month (at age 9)
 - \$568/month (at age 16)



A Survey of States/Counties on How They Set Foster Care Rates

- NAPCWA survey
- 26 jurisdictions responded
- 12 jurisdictions reported no methodology
- 14 jurisdictions reported using certain sources of information to set their rates



Absent something more specific to children in foster care, the USDA's estimate of expenditures on children by families has provided helpful guidelines for some jurisdictions in setting their foster care rates



Weaknesses of the USDA as a Guideline

USDA includes items which typically would not be included in a Foster Care Rate

- Health care (children in foster care receive Medicaid)
- Education (children in foster care attend public school)
- Mortgage/rent (foster parents typically expected to maintain their home independent of foster care payment)



Weaknesses of the USDA as a Guideline

USDA does not include certain expenses particular to children in foster care

- Insurance costs for foster parents
- Travel for visitation with parents and siblings
- Travel for administrative and court reviews
- Extra expenses due to the particular needs of children in foster care given trauma they've experienced, such as
 - Extra wear and tear on furniture, appliances, bedding, clothing, books/school supplies, increased use of utilities, etc.



Project Framework

- Basic foster care rate
- Federal guidance
 - US Department of Health and Human Services, Child Welfare Policy Manual
- Resources / Literature Reviews
- Advisory Group
 - 24 advisors, including: public child agency representatives from several states, foster parents, national policy experts, child welfare advocates, researchers, pediatricians & economists



Framework for Economic Model

Eight expense categories allowed by the Title IV-E Maintenance Program of the Social Security Act

1. Food
2. Clothing
3. Shelter
4. Daily Supervision
5. School Supplies
6. Child's Personal Incidentals
7. Liability Insurance with Respect to a Child
8. Reasonable Travel to Child's Home for Visitation



Defining Expenditures within Categories

- For each cost category, we considered:
 - Federal Guidance
 - Resources and Literature
 - Advisory group input



Methodology for Development of the Foster Care Rates

1. Use Consumer Expenditure Survey (CES)
 - Same data source on typical family expenses on children used by USDA
 - “Perfect” USDA by removing components not appropriate for foster care rate, e.g., health care, educational expenses, mortgage/rent
2. Identify additional expenses specific to children in foster care and incorporate into rate
3. Adjust for differences in cost-of-living to produce rates for 50 states and D.C.



Study Sample

- Families included in the analysis were:
 - Middle income families
 - Families with 2 or fewer children



Data Analysis

- CES data from 2002-2004 were used and then inflation-adjusted to 2006
- Provides more current estimates than USDA



Taking into Account Additional Expenses Specific to Children in Foster Care

- Increased Wear & Tear
 - Bedding
 - Furniture / Appliances
 - Books / School Supplies
 - Clothing
- Increased Expenses
 - Food
 - Utilities
 - Daily Supervision



Taking into Account Additional Expenses Specific to Children in Foster Care

Liability and Property Insurance

- Rates developed through this project include the cost of purchasing both property and liability insurance for foster parents
- However, project partners recommend that states provide insurance directly to foster parents in the future



Childcare and Travel

- **Not** included in model rates
- Project Partners take the position that foster parents should be reimbursed for actual costs for
 - Child Care for the working foster parent
 - Travel for visitation
 - Travel for administrative case / judicial review
 - Travel for medical care
- Rationale -- these expenses vary significantly from foster family to foster family depending on:
 - Where family lives
 - Need for full-time child care
 - Who takes the child for their visit & how far they need to travel
 - Travel to administrative case / judicial reviews are funded through Title IV-E Administration and travel to medical care is funded through Title XIX Medicaid



Cost-of-Living Adjustment

Foster Care Minimum Adequate Rates For Children were adjusted to cost of living variations

- Individualized rates for 50 states and the District of Columbia



Results

	Current Average Rate	Foster Care MARC	To hit the Foster Care MARC, current rate must be increased by:
Age 2	\$488	\$629	29%
Age 9	\$509	\$721	41%
Age 16	\$568	\$790	39%



Results

Hitting the MARC: Arizona and D.C.

Must raise rates by up to 25%:	10 states
Must raise rates by 26% to 50%:	11 states
Must raise rates by 51% to 75%:	14 states
Must raise rates by 76% to 100%:	9 states
Must raise rates by more than 100%:	5 states



Recommendations

- States should raise rates to appropriate levels
- Federal policy needed to ensure adequate rates going forward



Contact Information

Julie Farber

Director of Policy
Children's Rights
212-683-2210

jfarber@childrensrights.org

Diane DePanfilis

Director, Ruth H Young Center for Families and Children
University of Maryland School of Social Work
410-706-3609

ddepanfilis@ssw.umaryland.edu

Karen Jorgenson

Executive Director
National Foster Parent Association
800-557-5238

kjorgenson@nfpainc.org