



HITTING THE M.A.R.C.

Estimating the Costs Associated With Caring for Foster Children in United States

University of Maryland School of Social Work
Research Lunch Time Seminar
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Presenters

- **Shalita O'Neale**
 - **Maryland Foster Youth Resource Center**
- **Diane DePanfilis & Clara Daining**
 - **University of Maryland School of Social Work**
- **Kevin Frick**
 - **Johns Hopkins University**



Collaborators

The project team included representatives from:

- **Ruth H. Young Center for Families & Children in the University of Maryland School of Social Work**
 - Johns Hopkins University
- **Children's Rights, Inc.**
- **National Foster Parent Association**



Funders

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- **Annie E. Casey Foundation**
- **Ira W. DeCamp Foundation**
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Purpose of presentation

- Provide a glimpse from the youth voice about why adequate foster care rates are important
- Provide information about secondary data analysis study methods and results to estimate the actual costs of caring for children
- Discuss the impact of this study



Children in Foster Care

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



What are foster care rates supposed to cover?

- 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



Project Rationale

- Common knowledge that foster care rates do not cover actual expenditures by foster parents on behalf of 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



Why else is this study important?

- Inadequate support to meet the basic needs of children in out-of-home care takes an enormous toll on children and youth



Views from a former foster care youth

- **Shalita O'Neale**
 - Founder, Maryland Foster Youth Resource Center



Goal of Project

- Develop an economic model for establishing Foster Care Minimum Adequate Rates for Children (MARC)
 - Based on true expenses of caring for a child in foster care
- Adjust the model to be specific to states
 - Reflect regional differences in the cost of living



How Foster Care Rates Are 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
- Wide Range (state to state)
 - 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

Objectives:

1. Operationally define basic needs of children in foster care
 - Federal guidance- Title IV-E of the Social Security Act; US DHHS, 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



Project Framework

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



Project Framework

Objectives (cont.):

2. Identify expenditure data sources
 - Secondary data analysis of CES data
3. Construct models to estimate costs
 - Estimated average cost of all goods matching allowable categories
 - Predicted costs as a function of children of different ages (0-4, 5-13, 14-18)
 - Made adjustments for categories not available in CES data



Project Framework

Objectives (cont.):

4. Identify geographic cost - of - living variations
5. Calculate foster care minimum adequate rates for children for 50 states and DC



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
 - Multivariate data analysis with cost variables matched to each of the cost categories.



Taking into Account Additional Expenses Specific to Children in Foster Care

- Increased Wear & Tear
 - Bedding (doubled)
 - Furniture / Appliances (doubled)
 - Books / School Supplies (doubled)
 - Clothing (50%)
- Increased Expenses
 - Food (10%)
 - Utilities (50%)
 - Daily Supervision (40% for 9 mos. for school-age children; same as 0-4 for 3 mos.)



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

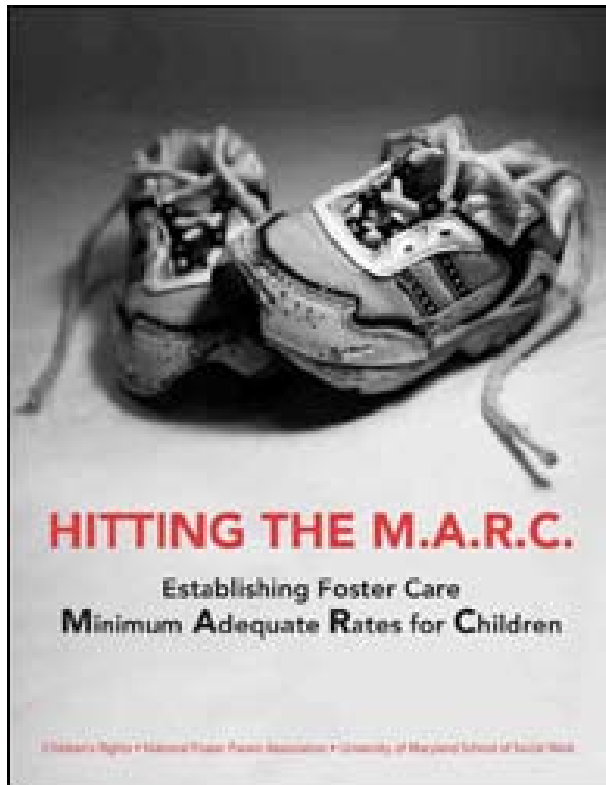
- States should raise rates to appropriate levels
- Federal policy needed to ensure adequate rates going forward



- Media coverage in over 150 print and tv stories
- Administrative increases in foster care rates in MD and WI
- Legislative increases in Massachusetts, Missouri, North Carolina, Virginia
- Matching MARC rates in Mississippi (Class action suit)
- Legislation or suits pending in other states (e.g., CA court order)



Download the report



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[http://www.family.umaryland.edu/ryc_research_and_evaluation/
child_welfare_research_files/fpr08-07.htm](http://www.family.umaryland.edu/ryc_research_and_evaluation/child_welfare_research_files/fpr08-07.htm)



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