

Adoption Advocate



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Better Prospects, Lower Cost: The Case for Increasing Foster Care Adoption

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On April 29, 2011, President Obama declared May to be National Foster Care Month, renewing America's commitment to improving outcomes for youth in foster care. In the spirit of that commitment, NCFCA is proud to present this Advocate. Being adopted out of foster care is, first and foremost, good for children. As this Advocate demonstrates, it is also good for our country's budget.

Introduction

There has been a great deal of political attention paid of late to ways in which government agencies could spend less while still fulfilling their essential functions. Child welfare is one policy area in which considerable savings are possible. Child welfare agencies are those local, state, and federal agencies charged with the task of assisting young people who have been severely neglected or abused in their birth families, or whose parents are unable to care for them due to parental drug or alcohol abuse, mental illness, or incarceration, or the youth's own problem behavior. Many of these children and youth have been removed from their birth families and placed in foster care.

By increasing adoptions out of foster care, child welfare agencies could save money while improving the prospects of the young people they serve. A new analysis of caseload and expenditure

data from state and federal child welfare agencies shows that the savings could easily exceed a billion dollars per year.

The Public Costs of Foster Care

Children in foster care have been legally removed from their birth families and placed under the care and control of state-run child welfare agencies. At any one time, there are close to a half-million children in the United States in foster care. Three-quarters live with foster families, while 16 percent reside in group homes or institutions. The remainder live on their own or are in the process of being reunited with their birth families. Some are in foster care for only a brief period of days or weeks before being returned to their families. But almost a quarter of a million of them will remain in foster care for a year or more. Nearly 50,000 will stay in foster care five years or more, while 30,000 will remain there

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until they reach adulthood.

The public costs of removing all of these maltreated children from their birth families and caring for them in foster families, group homes, or institutions are substantial. Annual state and federal expenditures for foster care total more than nine billion dollars under Title IV-E of the Social Security Act alone. Although exact amounts are difficult to disentangle, even more monies are spent for publicly subsidized medical care for foster children, as well as for Food Stamps, TANF (Temporary Assistance for Needy Families, also known as welfare), and child care payments to the families that care for them. On top of that, there are longer-term costs that society incurs because of the developmental risks associated with child maltreatment and family disruption.

Adopting From Foster Care

Adoption from foster care is a way of decreasing the number of young people who must spend much of their youth in unstable and often less than ideal living arrangements. It may also be a way of preventing the long-term detrimental consequences of such an upbringing. We know that foster care is not good for children: children in foster care are at high risk for poor educational outcomes, demonstrate low levels of engagement at school, and are less likely to be involved in extracurricular activities. They are also more likely to have physical and mental health problems than children who do not grow up in foster care.

As things stand now, only about 10 percent of all children in foster care will be adopted. There were 57,000 children adopted from foster care during Fiscal Year 2009, but there were twice as many children – 115,000 – waiting to be adopted on September 30 of that year (for these

children, adoption had been determined to be the agency's case goal, and the parental rights of their biological parents had been legally terminated).

Congress has passed a series of laws with provisions aimed at facilitating and encouraging the adoption of foster children, such as by providing financial incentives including an income tax credit, subsidized medical care, and regular support payments for less affluent adoptive parents. There was an initial upward jump in the annual number of children adopted from foster care following the passage of the federal Adoption and Safe Families Act in 1997 (ASFA), from a base-period level of around 28,000 children per year to a level of around 51,000 children per year in 2000. Since then, however, the number of children adopted from foster care has increased only fitfully, and the proportion of foster children waiting to be adopted who actually are adopted has hovered around 50 percent.

Total state and federal expenditures for support of adoption from foster care under Title IV-E of the Social Security Act amount to \$4.5 billion per year – only about half of the amount spent for maintaining children in foster care. This is despite the fact that the number of adopted children whose families receive state or federal assistance payments – 426,400 – is now roughly equal to the number of children in foster care at any one time.

Although adopting from foster care can be a difficult process, sizable numbers of qualified families are prepared to adopt children from foster care. However, their efforts to adopt are often frustrated by federal laws and child welfare agency practices that require time-consuming efforts to “preserve” and “reunify” biological families beyond what is practical or realistic, and

Comparing the per-child cost of subsidized adoption from foster care with the cost of maintaining a child in foster care, one concludes that the child adopted from foster care costs the public only 40 percent as much as the child who remains in foster care. The difference in cost per child per year amounts to \$15,480.



give preference to the placement of foster children with relatives. As a consequence, qualified prospective adoptive parents who are eager to adopt an unrelated foster child may find themselves turned down by social workers in favor of a grandmother, aunt, or cousin of the child, even if the relative is reluctant to adopt. This is not to say that efforts to reunify families or keep children with their kin are unimportant; such efforts only become problematic when they are clearly not in the child's best interests and delay or prevent permanency through adoption. Currently, an American family can often complete an international adoption in far less time and with fewer complications than an adoption from foster care.

Benefits to Children and Society at Lower Public Cost

There would be benefits for both the children who await adoption and for American society as a whole if adoption of children in foster care by qualified nonrelatives were made easier, faster, and more frequent. There would also be substantial savings of public monies, stemming from the lower public costs of having a child adopted versus having the child remain in foster care. It is likely that there would also be longer-term savings resulting from improved developmental outcomes for young people raised in stable, adoptive homes as opposed to unstable foster care situations or neglectful or abusive families of origin.

The sources of short-term savings would result, first of all, from less spending by the child welfare system itself, because adoption subsidies are lower than foster care maintenance payments, and administrative costs for adopted children are less than those for foster children. Another source of savings would be reduced spending for Food Stamps, TANF, subsidized school meals, and subsidized child care, as adoptive families are less likely than families of origin or foster families to have an income below the official poverty level. There would also be less public spending under Medicaid and the State Children's Health Insurance Program (SCHIP), because adoptive

families are more likely to be covered by private health insurance than are foster families or families of origin.

Savings to the Child Welfare System

One can get a sense of the magnitude of the short-term savings that would result from increased adoption out of foster care by looking at the per-child cost of maintaining a child in foster care as opposed to the cost of having the child adopted with public support payments to the adoptive family. (The analysis is limited to state and federal costs under Title IV-E of the Social Security Act, because of the difficulties of analyzing parallel allocations of Medicaid, SCHIP, TANF and Food Stamp expenditures.)

State and federal government expenditures in FY 2010 for foster care maintenance payments under Title IV-E amounted to \$3.3 billion. The number of children in foster care on September 30, 2009 was 423,773. The average number receiving foster care maintenance payments was 174,300. Thus, the average maintenance cost per child per year was \$19,107, for those children receiving payments under Title IV-E.

State and federal expenditures for foster care administrative costs (placing and monitoring children in foster care) totaled \$4.3 billion. The number of children entering foster care or in care totaled 679,191. Thus, the average administrative cost per child served per year was \$6,675. The total of maintenance costs and administrative costs per child per year was \$25,782 (\$19,107 plus \$6,675).

By comparison, the costs of adoption assistance payments under Title IV-E totaled \$3.6 billion. The number of adoptees from foster care receiving subsidy payments was 426,400. Thus the average adoption subsidy cost per child per year was \$8,435, for children whose adoptive parents received subsidies under Title IV-E.

State and federal expenditures for adoption administrative costs (arranging and monitoring subsidized foster adoptions) totaled \$903 million. The number of children entering adoption or



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already adopted totaled 483,866 (57,466 plus 426,400). Therefore, the average administrative cost per child per year was \$1,867. The total of adoption assistance payments and administrative costs per child per year was \$10,302 (\$8,435 plus \$1,867).

Comparing the per-child cost of subsidized adoption from foster care with the cost of maintaining a child in foster care, one concludes that the child adopted from foster care costs the public only 40 percent as much as the child who remains in foster care. The difference in cost per child per year amounts to \$15,480 (\$25,782 minus \$10,302). If the number of children adopted from foster care doubled (increased by 57,500), the savings to the public would amount to \$890 million per year. If more children in foster care were made available for adoption, even greater savings could result.

Savings Due to Lower Poverty Rates among Adopted Children

Although it is difficult to estimate the total savings in Medicaid, SCHIP, TANF, and Food Stamp expenditures that would result from increased adoption of children out of foster care, it is possible to estimate the relative proportion of families who receive these benefits among adoptive families as opposed to foster families or low-income, single-parent birth families. These comparative figures were derived from a special analysis of data from the 2007 National Survey of Adoptive Parents (NSAP) and the 2007 National Survey of Children's Health (NSCH), from which the adoptive sample was derived. That analysis showed that, compared to the households in which foster children live, the households of adopted children are:

- Half as likely to be one in which no adult works 50 or more weeks per year: 10 percent of the adopted children lived in such

households, as opposed to 22 percent of the children in foster care;

- Half as likely to be a household for which the annual income was below the official poverty level: 15 percent of the adopted children lived in a poverty-level household, as opposed to 28 percent of the children in foster care;
- One-half as likely to be a household receiving TANF or other cash welfare benefits: eight percent of the adopted children lived in a welfare-dependent household, compared with 17 percent of the children in foster care;
- One-third as likely to be a household receiving Food Stamps: eight percent versus 24 percent; and
- Half as likely to be a household in which some or all children received reduced-price meals at school: 34 percent of the adopted children lived in a household receiving subsidized school lunches, compared with 62 percent of the children in foster care.

Children adopted from foster care were less likely to have their health care subsidized by public programs like Medicaid or SCHIP: 62 percent of adopted children, compared with 80 percent of foster children, had their health care covered by Medicaid or SCHIP. On the other hand, 35 percent of adopted children, versus only 12 percent of foster children, had private health insurance. And only two percent of adopted children, as opposed to eight percent of foster children, had no current health insurance coverage.

Children adopted from foster care also cost the public substantially less money than children living with birthmothers who never married. These children were included in the study as a comparison group because their family situations are most like the ones in which neglect or abuse often occurs and foster children emerge: unedu-

If the rate of imprisonment of former foster youth could be reduced by only ten percent, it would result in savings of more than \$500 million per year.



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cated, low-income, single-parent families. Compared to adopted children, children in households headed by never-married mothers are:

- Three times more likely to not have a full-year adult wage-earner in the household (31 percent versus 10 percent);
- Three times more likely to be poor (53 percent versus 15 percent);
- Three times more likely to receive TANF or other cash welfare payments (21 percent versus eight percent);
- Six times more likely to receive Food Stamps (53 percent versus eight percent);
- Twice as likely to receive subsidized school lunches (63 percent versus 34 percent);
- More likely to have their health care covered by Medicaid or SCHIP (70 percent versus 62 percent);
- Less likely to have coverage through private health insurance (21 percent versus 35 percent); and
- Four times more likely to have no current health insurance coverage (nine percent versus two percent).

It is true that a majority of families who adopt children from foster care receive government-provided adoption support payments and subsidized medical care for their adopted children. But, as we have seen for Title IV-E payments, these supports are likely to cost less than those that keep and maintain the same children in foster care. We should also note that public costs would be less and savings greater if more middle- and upper-middle class couples adopted foster children. Yet the trend has been in the opposite direction; i.e., foster children adopted by relatives, former foster parents, or guardians whose educational and financial resources may be quite limited.

More Favorable Home Environments

The potential benefits of adopting more children out of foster care are not only financial. Data from the comparative analysis of the NSAP and NSCH survey data showed that the home

environments of children adopted from foster care are more favorable for child development and wellbeing than those for children who remain in foster care. Compared to children currently living in foster care, adopted children are:

- More likely to be living with a mother and father who are legally married to one another (as opposed to with a single parent or two cohabiting parents): 71 percent of the adopted children were in two-parent families, compared with 56 percent of the children in foster care;
- Twice as likely to have at least one parent who is a college graduate: 43 percent of the adopted children had such a parent, compared with 21 percent of the children in foster care;
- Three times as likely to be in a financially secure household (one whose annual income is at least 400 percent of the official poverty level): 28 percent of the adopted children were in such a household, as opposed to 10 percent of children in foster care; and
- More likely to be living in a safe and supportive neighborhood: 81 percent of the adopted children lived in such a neighborhood, compared with 68 percent of the children in foster care.

Each of these factors – two-parent family, higher parent education level, higher family income level, safe and family-friendly neighborhood – has been found to be associated with more favorable outcomes for children and youth.

Children adopted from foster care are also substantially better off in terms of family resources than children who live with their birthmothers only, particularly single mothers who have never married. Children living with never-married biological mothers are only one-fourth as likely to have a parent with a college degree (10 percent versus 43 percent) or live in a financially secure household (six percent versus 28 percent). Only a minority of children with never-married mothers live in safe neighborhoods (48 percent versus 81 percent of adopted children), and fewer



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of them have current health insurance (91 percent versus 98 percent).

Sources of Longer-Term Savings

Although children in long-term foster care represent only a small fraction of the total child population of the United States, they represent a much bigger portion of the young people who go on to create serious disciplinary problems in schools, drop out of high school, become unemployed and homeless, parent children as unmarried teenagers, become addicted to drugs or alcohol, or commit crimes. A recent study of a Midwest sample of young adults aged 23 or 24 who had “aged out” of foster care found that they had extremely high rates of arrest and incarceration. Eighty-one percent of the long-term foster care males had been arrested at some point, and 59 percent had been convicted of at least one crime. This compares with 17 percent of all young men in the U.S. who had been arrested, and 10 percent who had been convicted of a crime. Likewise, 57 percent of the long-term foster care females had been arrested and 28 percent had been convicted of a crime. The comparative figures for all female young adults in the U.S. are four percent and two percent, respectively.

To the extent that children adopted from foster care have more favorable developmental outcomes than children who “age out” of foster care or who remain in such care for extended periods of time, we can anticipate that increased adoption would result in a lessened financial burden on public education systems, social welfare agencies, and the criminal justice system. There would also be less social welfare spending in the future, because fewer children would be born to struggling former foster youth.

To give one example of the potential savings that might be achieved, note that former foster youth are overrepresented among inmates of state

and federal prisons. In 2004, there were almost 190,000 inmates of state and federal prisons in the U.S. who had a history of foster care during their childhood or adolescence. These foster care “alumni” represented nearly 15 percent of the inmates of state prisons and almost eight percent of the inmates of federal prisons. The cost of incarcerating former foster youth was approximately \$5.1 billion per year. If the rate of imprisonment of former foster youth could be reduced by only ten percent, it would result in savings of more than \$500 million per year.

Conclusion

There is no guarantee that the more favorable home environments that adopted children enjoy will cure all the ills that early trauma may have produced in them. Nor can we be sure that better life circumstances will result in them displaying dramatically better achievement and adjustment in adulthood. But the evidence clearly indicates that adoption can substantially improve the life chances of maltreated children, and that, as a secondary interest to the public, it can do so at considerably less cost than long-term foster care.

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