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Resource Caregivers' Reimbursement Rate Analysis for Hawai'i

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Executive Summary

Introduction

The Department of Human Services asked the University of Hawai'i Public Policy Center (PPC) to conduct a study to review what other states use as a methodology to reimburse resource caregivers who are raising youth in foster care. For the purposes of this report, the term *resource caregiver* will be used in place of term *foster parent* and *reimbursements* will be used in place of *foster care maintenance payments* as currently defined in the Department's Administrative Rules. The ideas in this report have been discussed with a broad group of stakeholders in a series of focus groups held on each county. Appendix III summarizes the stakeholders' feedback, comments and suggestions. Focus groups include resource caregivers, child welfare staff, court administrators and nonprofit providers. Separate focus groups were held with foster youth and former foster youth. The purpose of this report is to analyze what other states do to determine their reimbursement rates as well as analyze the feedback received from stakeholders across the state.

Method Of Analysis

Many states have been discussing the needs of resource caregivers who are caring for children in the foster care system. It is clear that most of these children have complex needs and the Department is interested in insuring that the reimbursements for these families are adequate and appropriate.

This study reviewed the findings of Kerry DeVooght and Dennis Blazey study called The Family Foster Care Provider Classifications and Rates Survey published in 2013 and funded by the Annie E. Casey Foundation, Casey Family Programs and Child Trends; Hitting the M.A.R.C. Establishing Foster Care Minimum Adequate Rates for Children, known as the MARC Report, published in 2007; the Alternative Proposals For a New Foster Family Home Rate Structure in California, prepared by the Center for Public Research at the University of California, Davis in 2011; the Ball State University's Center of Business and Economic Research study conducted for the Indiana Department of Child Services and their final rules; the "approved foster care rate methodology" used in the state of Oregon and the rules published in District of Columbia to determine their reimbursement rates and methodology.

In addition to a literature search, four focus groups with adult stakeholders, including resource caregivers, child welfare staff, providers and court personnel were held on each county. In addition, separate focus groups were held with foster youth and former foster youth. These meetings with the youth were arranged and organized by the Hawai'i Foster Youth Coalition on each island and the HI Hopes Board.

Major Findings

The DeVooght and Blazey (2013) study reviewed data from 46 states and examined the methodology and amount reported that each state used to reimburse resource caregivers. (Hawai'i was not included in this study.) They found that:

- Forty (40) states utilize an *age-related classification* for determining their basic reimbursement rate, with the majority of states using three age categories: 0-5 or 6 years old;

a second group of youth up to 12 or 13 years old; and then the final group of older youth;

- Most states have recently increased their rates in the year 2009 or later, reflecting the increasing costs of caring for these children;
- Most states give additional allowances for personal incidentals in addition to the basic rate;
- Most states pay the same reimbursement for care across the state, regardless of geographic location of the home;
- Most states use a diagnostic tool in the process of determining a child's needs or level of care. Frequently cited tools were: the Child and Adolescent Functional Assessment S; or the Child and Adolescent Needs and Strengths or some other state or agency developed tool;
- Most states do not revise their reimbursement rates on a set schedule (e.g. annually) and do not revise the rates based on inflation; and
- The basic reimbursements rates in the majority of states fall below the estimated costs of caring for and raising a child.

Conclusions

It is difficult to compare reimbursement rates across states, or rank states, since different states use different methodologies for calculating monthly reimbursements and include different expenses in their "board rate." Expenses that are covered are not uniform across the states and there is variation among the states in the reimbursement for clothing, transportation, special needs adjustments, and/or other components.

Hawai'i is one of only a few states that does not use an age-graded methodology for determining its reimbursements. Hawai'i's basic rate was established by the Legislature in 1990 at \$529 a month and has remained unchanged. However Hawai'i's resource caregivers received many additional benefits such as QUEST health insurance; difficulty of care payments; an initial clothing allowance and clothing reimbursements for ongoing support, special circumstances and/or events; certain transportation costs, respite care, child care; limited liability insurance; trainings and other enhancements and supports that are given to resource caregivers. Not all families or children receive these extra payments or are eligible for them.

National research has consistently found that increases in board stipends improve the placement stability for children; the recruitment and retention of resource caregivers as well as their satisfaction, and that these factors have positive effects on the well being of children (Dolye and Peters 2003; Rubin, O'Reilly, Luan and Localio 2007; Gibbs and Wildfire (2007); Denby, Rindfleisch and Bean, 1999; Cummings and Leschied 2006)

The \$529 monthly board amount provided to Hawai'i resource caregivers is inadequate due to the increased cost of raising a child in Hawai'i. The current cost for reimbursing resource caregivers at the current rate of \$529 a month for 5,784 youth, is \$3,059,736 a month or \$36,716,832 a year. (Please note that adoption assistance, permanency assistance and higher education costs are included in this calculation).

Recommendation

Increase the reimbursement for resource caregivers based on a percentage of the United States Department of Agriculture's Expenditures on Children by Families Report by age groupings.

This acknowledges that the cost of raising children has increased in Hawai'i since the last reimbursement rate adjustment and ties the increase to a respected government report. It also acknowledges what the majority of other states use as their methodology which is to increase the reimbursement rates in three age group levels. This increasing amount is based on the increased cost of food and clothing that is spent on children as they age.

Using the United States Department of Agriculture's Expenditures on Children by Families Report (2011) as a benchmark and establishing a three group, age tiered structure, 0-5, 6-11, and over 12, if the percentage was set at 95% of the USDA reported expenditures for the western region, the increase would be \$567 a month for children 0-5 years of age (a 7.2% increase); \$650 for children 6-11 (a 22.9% increase) and \$676 for youth over 12 years of age (a 27.8% increase). To implement this, the Department would need to spend an additional \$8,502,936 annually.

Background

The Department of Human Services requested a study to determine the best approach for increasing the monthly reimbursements for resource caregivers. For the purposes of this study, the term “*foster parent(s)*” will be replaced with the term “*resource caregiver(s)*.” Title IV-E of the Social Security Act makes federal financial assistance available to help cover state foster care maintenance payments (see 42 U.S. C. 675 (4) (a)). This term, “foster care maintenance payments means payments to cover the cost of (and the cost of providing) food, clothing, shelter, daily supervision, schools supplies, a child’s personal incidentals, liability insurance with respect to a child and reasonable travel to the child’s home for visitation.” For the purposes of this study, the basic “*board rate*” will be called “*reimbursements*” and the other benefits and supports will be discussed and labeled separately. It is important to note that any increase in the basic reimbursement level (e.g. board rate) that is provided to resource caregivers must also be applied to families eligible for adoption assistance, permanency assistance, youth receiving higher education board allowance payments and to the young adult who choose to enroll in the new program of extended voluntary care to age 21.

Several important studies have been published recently to assess the type and methodologies used by states to determine their reimbursement rates for resource caregivers. A study conducted by Kerry DeVooght, Child Trends and Dennis Blazey called Family Foster Care Reimbursement Rates in the U.S. A Report from a 2012 National Survey on Family Foster Care Provider Classification and Rates published in 2013 and funded by the Annie E. Casey Foundation, Casey Family Programs and Child Trends analyzed such reimbursement data from 46 states. (Hawai’i was not one of the states included in this study). The data revealed that the majority of states classify children into different payment groups based on the age of the child; all provided some type of “difficulty of care” or “special needs” categorical assistance using a diagnostic tool selected by the state to determine the child’s needs and level of care; most states pay the same rate across the state regardless of the geographic location of the home; the basic rate in the majority of states falls well below the actual expenditures of caring for a child in foster care; and the states vary widely on what they provide and what methodology they use to providing assistance to caregivers. Some states include such items as clothing, transportation, personal incidentals, in the basic reimbursement rate and others do not.

Hitting the M.A.R.C. Establishing Foster Care Minimum Adequate Rates for Children, known as the MARC Report, published in 2007 is frequently cited as an influential report on rate care setting. The University of Maryland School of Social Work, the National Foster Parent Association and Children’s Rights, a national advocacy organization, produced this report. The MARC report used Consumer Expenditure Survey (CES) data which is a nationally representative annual survey of households that describes the buying habits of American families. The MARC attempted to match the “categories of foster care spending for which the federal government reimburses under Title IV-E.” Thus the categories under this report differ from the set of costs reflected in the USDA estimates of the cost of raising children. For example, the MARC report includes an item called “liability and property insurance”, while the USDA estimates include a broad category of housing costs, education and health care costs. These are items that are not reimbursable under Title IV-E. Another issue is that the cost of transportation for children to visit their biological families was not included in the MARC Report because it was deemed too variable nationwide. However they did include a category called “travel for purchasing or providing what children need” which includes buying clothes and food or associated travel costs for going to child care, social visits or extracurricular recreational or cultural activities. The MARC study attempts to establish a minimum adequate rate for children living in foster care. The authors argue that foster children and more costly than non foster children and thus they adjust upward many categories. And while most agree, the study has been criticized by many researchers because it does not empirically document *why* certain costs of raising foster children would be so much more costly than raising non-foster children. For example the MARC study estimates a

15% higher cost for school supplies; 10% more for providing food and 15% more for personal incidentals for foster children, however there was no justification or empirical evidence for these specific categories or the amounts. McHugh (2002) found in a study in Australia that children in foster care have experienced significant trauma by being removed from their home and this often results in behaviors and needs that entail increased costs compared to other children. Most states address this issue by creating an additional payment category called a special needs payment or difficulty of care payment to accommodate the additional costs for individual behavioral and health needs.

Hawai'i, and most other states have challenges recruiting resource caregivers particularly for older youth, sibling groups and in some geographical areas. Research studies have found that increases in stipends and reimbursements improve the placement stability for children; improve the resource caregivers' satisfaction and retention, and this indirectly affects the well being of the child. An on-going concern in child welfare services across the nation is the shrinking number of available resource family homes and the increased difficulty of recruiting new caregivers (Dolye and Peters 2003; Rubin, O'Reilly, Luan and Localio 2007; Gibbs and Wildfire (2007); Denby, Rindfleisch and Bean, 1999; Cummings and Leschied 2006). Even a small increase in the stipends is associated with reduced family dropout and increased stability for children.

A major finding by DeVoogth et al. of relevance to Hawai'i is that most states implemented their current basic board reimbursement rate in 2009, or later. Hawai'i has not raised its basic monthly reimbursement rate for resource caregivers since 1990.

What are other states doing?

A few examples

DeVoogth et al. surveyed all the states to examine foster care provider classifications and rates. While they attempted to compare the data across the states, they concluded that these data are difficult to analyze since there is significant variation about what is included in the different state's payment and benefit mix. For example, Arkansas had the lowest average board rate at \$427 a month, but they provide a clothing allowance of \$200 "sometimes" and "extraordinary expenses" may be reimbursed, with advanced agreement. Medically fragile children of all ages may receive up to \$1,080 a month. Tennessee reported its average maintenance rate as \$738.00 a month. However, this amount includes a clothing allowance that varies depending on the age of the child. Twenty-five (25) states include clothing allowances within the basic care rates. Thirty-eight (38) states have separate rates for some type of specialized care. Oregon has three levels of care and 4 levels of personal care that are used to determine their rates. Nebraska has a 14-point reimbursement system that determines the rate paid based on the needs of the individual child. No state revises their payment rates automatically on a set time schedule, or revises the rates automatically based on inflation or the cost of living index. (One exception is the District of Columbia that *does* adjust its rates annually based on U.S. Department of Agriculture Expenditures on Children by Families Report. This methodology was the result of a negotiated settlement based on a lawsuit.)

Devoogth et al. conclude that the basic foster care rates in most states fall below the cost-of-care estimates for all age groups.

Indiana

As a result of a lawsuit and then a legal settlement, the state of Indiana released a new foster care per diem rate schedule. The state was required to develop and publicize its methodology for how their rates would be determined. In August 2011, the state contracted with the Center of Business and Economic Research at Ball

State University to conduct a foster care *survey* of all foster parents for the Indiana Department of Child Services. While states often use some type of data like the U.S Department of Agriculture's Expenditure on Children by Families to consider when establishing their foster board rate, the study in Indiana examined the *specific* expenditures allowable under Title IV-E of the Social Security Act as *reported by current foster parents*. The survey analyzed two groups of children: young children (infants to 4 years of age) and other children (5-18).

The Indiana study noted that the MARC Report (2007) (Hitting the M.A.R.C. Establishing Foster Care Minimum Adequate Rates for Children) that has been frequently cited when groups recommend increases in foster board rates, has serious methodological flaws. The MACR Report used data from the U.S. Consumer Expenditure Survey which measures average, not incremental expenditures of an additional child in a family and then adjusted for regional costs of living. And as noted previously, there was no justification or empirical evidence for the higher costs of raising a child in foster care compared to a non foster child within a family.

The Indiana study measured the *incremental* cost of an additional child which is they considered to be more relevant for determining an appropriate foster board payment. The cost categories considered the *median daily cost per day* and included:

- Breakfast, lunch, dinner, snacks, dining out and other food costs
- On-going clothing
- Increase in utilities
- Personal incidentals (personal hygiene and school supplies for those over 5)
- Travel and daily supervision

Using these data, the state of Indiana decided to establish a rate structure based on the levels of need. Their administrative rules determine that some children need enhanced supervision, and they describe three categories: Foster Care with Services, Therapeutic Foster Care or Therapeutic Plus. Rates for these categories of supervision were determined by these levels for enhanced services and also by different age groups. A nationally recognized assessment tool, the Child and Adolescent Needs and Strengths Assessment (CANS), along with input from child and family team meetings, are used by the Department to determine the category of care the child requires. A personal allowance category was increased from \$100 to \$300 annually, which can be used to help children in care participate in activities such as sports, band or scouts, attend events such as a prom, or provide for other extracurricular fees. Special allowances of \$50.00 for the child's birthday and during the December holiday season also were added. Below are their new rates starting January 1, 2012. (N.B. this is Indiana's per diem rate by age and the basic category of need.)

INDIANA DEPARTMENT OF CHILD SERVICES' NEW FOSTER CARE RATES

The standard per diem payments effective January 1, 2012 are:

Category of Supervision	Infant-4 years	5 - 13 years	14 - 18 years
Foster Care	\$18.28 (\$584.40 per month)*	\$19.85 (\$595.00 per month)	\$22.90 (\$687.00 per month)

* Assuming a 30-day month.

In addition to the above-described per diem payment, foster parents may receive the following payments to purchase items for the benefit of the child:

1. **Initial Clothing Allowance** - DCS may provide the foster family with initial clothing and personal items allotment at the time of placement of up to \$200 based on the child's need.
2. **Liability Insurance** - DCS will provide foster care liability insurance for foster parents through a contract

with the Indiana Foster Care and Adoption Association (IFCAA). Foster parents no longer need to be members of IFCAA to obtain the insurance.

3. **Personal Allowance** - DCS will reimburse foster parents up to \$300 annually for each child in placement. Foster parents may request reimbursement for personal allowance items once the child has been in placement for at least 8 days. The items that fall within the personal allowance will be defined in DCS Policy.
4. **Special Occasion Allowance** - DCS will provide a \$50 special occasion allowance on the child's birthday and a \$50 special occasion allowance during the December holidays.
5. **Travel Reimbursement** - DCS will reimburse foster parents for travel in excess of 162 miles if the travel is for visitation, school, physical/behavioral health appointment or other DCS required travel which will be set out in the Indiana Foster Parent Resource Guide.

(See Appendix 1 for Indiana’s final rules)

The District of Columbia

The District of Columbia computes a daily rate for its board payment based on the USDA Report on the Expenditures on Children by Families in the urban south. Over the last several years, the rates in Washington, D.C. have increased approximately 3.5% annually. The rate varies by the age of the child.

(See Appendix 2 for the D.C. rates and methodology)

California

The Center for Public Policy Research (CPPR) at the University of California Davis, conducted a study called “Alternative Proposals for A New Foster Home Rate Structure in California” published in March 2011. The California Foster Parent Association in 2007 challenged the adequacy of the foster board rates and won a judgment in Court that required the state to take into account the enumerated costs of raising children, and concluded that the state rates cannot “fall too far out of line with the costs of providing those items.” The study made a recommendation for a rate setting methodology and a preferred approach. The study reviewed the MACR Report (2007) and matched the cost categories to those which are reimbursable under Title IV-E and then included items that are particular to children in foster care, such as liability and property insurance. However, the California study recommended altering the MARC methodology for determining transportation expenses and included transportation costs for visits to birth parents, as well as developed a separate “cost of providing goods and services needed by foster children” whether costs related just to the foster child or shared costs for others in the family (like grocery shopping). No special costs aligned to caring for foster children (as opposed to other children) were incorporated in this study. The study recommended that an initial clothing allowance at the time of placement be provided, but not a recurring allowance. Finally, the report presented a recommended option to reflect geographical cost of living differences within the state grouped into three categories: low, medium and high cost regions based on the cost of housing as indicated by the HUD fair market rental costs.

The CPPR proposed a two-rate structure for board payments. The Table below displays the current rate (in 2011) and the proposed rate increase. Rate Structure #1 is the cost estimates using the lower estimate of “cost of providing care.” Rate Structure #2 is the cost estimates using the upper estimate of “cost of providing care.”

California Rates based on Two Different Estimates of Care

	Age 0-4	Age 5-8	Age 9-11	Age 12-14	Age 15-19
Current Rate	\$446	\$485	\$519	\$573	\$627
Rates #1	\$609	\$660	\$695	\$727	\$761
Rates #2	\$638	\$692	\$727	\$767	\$801

The average rate across all age groups in 2011 was \$530.

The Costs of Raising Children in Hawai'i

In Hawai'i, a resource family must provide evidence of self-sufficiency to become licensed as a resource family. The USDA Expenditures on Children by Families in 2011 estimated the annual expenditures on a child by a two-parent household before tax income in the category between \$58,890 and \$101,960 in the urban West regions (including Hawai'i) for food, housing and miscellaneous costs to be:

Age	Housing	Food	Misc.	Totally Annual	Total Monthly
0-5	\$4,670	\$1,485	\$1,120	\$7,275	\$606.25
6-11	\$4,670	\$2,305	\$1,235	\$8,210	\$684.16
12-17	\$4,670	\$2,635	\$1,240	\$8,545	\$712.08

Housing in Hawai'i usually accounts for the largest share of family costs, ranging from 30 to 32% of total household expenses. Hawai'i has an extremely high housing "unaffordability" index as well as the highest cost of electricity in the nation. Electricity costs are three times as much per Kw hour than the next highest state on the mainland. Indirect costs such as the time families spend caring for their child, babysitting; respite care or pre-school expenses are not included in these cost estimates.

Hawai'i's Current Approach

All foster children in Hawai'i receive QUEST medical insurance covering medical, dental, behavioral health and prescription medications. DHS rules provide for many other possible ways to support resource families. See administrative rules (HAR 17-1617) Foster Care Maintenance Payments to Resource Families per month in Hawai'i below:

1. Maintenance Costs.

Includes food, shelter (including utilities, use of household furnishing & equipment, operations, personal essentials (toothbrush, soap, brush/comb, haircuts, contact lens, etc.), reading and educational materials, recreational and community activities (parties, picnics, movies, etc.), transportation for shopping for foster child, deliver child to school, medicine supplies, baby supplies & equipment.

Difficulty of Care Payments, Reimbursements in addition to Maintenance payments.

Payments for a child who requires more care and supervision as documented by treating professional because of the child's physical, emotional, psychological and/or behavioral needs as documented by appropriate school personnel when the child requires academic or educational assistance over and above the average assistance needed for a child.

2. Other Transportation Costs.

- School bus fare or private car mileage – Car mileage paid to resource families at the current established state mileage rate when free school transportation not available for the months school is in session.
- Local bus fare, private care mileage, taxi fare for medical car/therapy – Available when transportation services not covered by Med-Quest or Medicaid and when other resources not available. Car mileage paid to resource families at the current established state mileage rate.
- Transportation to effect placement or reunify with family – Transportation for out of state

- travel needs prior approval from SA, receiving state's interstate compact, and Director.
- d. Transportation for resource caregivers to attend authorized meetings such as trainings.
 - e. Transportation for child visitation / ohana time with parents and siblings.

3. Medical Treatments / Medicines for Resource Family needed as a Result of a Foster Child's Condition – Up to \$500 per incident or \$500 may be authorized when cleaning supplies or special immunizations, testing or treatment is needed to ensure the child and resource family's well-being.

4. Group Activity Fees for Organized Group Activities – This includes organized group activities that are determined necessary for the child's growth and development (Scouts, YMCA, YWCA, Community Soccer, Community Baseball, Community Swimming, Boys and Girls Clubs).

5. Enhancement Fund – Funds from Geist Foundation through Family Programs Hawai'i – limited to \$500/child/year (extracurricular, social activities, hobbies, camps, other enhancements, etc.).

6. Respite Care Funds – Each Resource Family can receive up to 10 days of respite per foster child at \$25/day; Family Programs Hawai'i provides respite resources and supplemental funding.

7. Child Care – Resource Caregivers (RC) may be eligible for child care subsidies for their foster children. BESSD does not include RC's income in the child care eligibility determination for foster children. [HAR 17-798.2-9 (b) (1) (A)]

8. Limited Liability Insurance – Bodily Injury & Property Damage; Defense Payments.

9. Completion Awards - \$100 gift cards for completion of Unconditional Licensure and Unconditional Renewal Licensures (which includes mandatory ongoing training requirements).

10. Support Groups – Free Statewide Support Groups for Resource Families and Post-Permanency Families through DHS contractor, various foster care coalitions partially funded by DHS, community-based providers, etc., Child Care and Meals/Snacks are often provided.

11. Trainings – Free Statewide trainings for Resource Families and Post-Permanency Families through DHS contractor, various foster care coalitions partially funded by DHS, community-based providers, etc. Child Care and Meals/Snacks are often provided.

12. Family Events – Free Statewide Events for Resource Families and Post Permanency Families through DHS contractor, various foster care coalitions partially funded by DHS, community-based providers, through collaborative funding – community, businesses, foundations, etc. These events are often connected with National Foster Care Month, National Adoption Month, Recognition of Resource Families, Holiday Parties, Summer Picnics, etc.

13. Warm Line, Resource Referrals, Newsletters, Care To Share – DHS contractor provides these additional support services to resource families.

14. Additional costs covered for services and care provided to foster children – Medical; Free school lunch; Free Bus Transportation; Free Summer Program, Free A+ after school program at public schools.

DELETE

It is important to note that unlike many other states, Hawai'i offers care providers a separate clothing allowance for children when they enter care and then a yearly, maintenance, clothing allowance. Presently, the state provides a clothing allowance on an aged tiered basis. For children entering care who are between the ages of 0-5, an initial, a one time ceiling amount of \$200 is provided; for children 6-11, \$300; and for youth

over 12, \$400. Subsequently, these amounts for continuing care are \$300, \$400 and \$500 for the different age groups as annual ceiling amounts. In 2013, the state Legislature increased the monthly allotment for clothing by \$100.00 to a maximum of \$600.00 annually for children 12 and over. Resource families may also apply for a maximum \$125.00 to be used for a special event (i.e. proms, sports uniforms, etc.).

The board rate in Hawai'i at \$529.00 per month has been the board rate since 1990. Children who are eligible receive a difficulty of care stipend which is capped at \$570.00 per month. Resource families may receive adoption assistance payments or permanency assistance payments (\$529.00) if so classified and some youth receive a higher education payment of \$529.00.

Tables 1-3 display the cost for Room and Board for youth in selected age groups using the 95% level of the 2011 USDA Report on the Expenditures on Children by Families. This is expected to reimburse the costs of food, shelter, utilities, personal essentials, reading and educational materials, recreational and community activities, transportation, medicine supplies, baby supplies and equipment. It does NOT include the difficulty of care payments which may increase over the next few years, as children with more complex needs enter the foster care system.

(See Tables Below)

Table 1: Youth 0-5 Years of Age Cost for Room and Board Estimates at the Rate of \$576.00 a month (8.9%). This is at the 95% level of the USDA 2011 Report on the Expenditures on Children by Families SFY14 Estimates

Type of Payments	Average Monthly Amount	Number of youth	Total Cost per Category
Room and Board	\$576	532	\$306,1432
Adoption Assistance	\$576	322	\$185,472
Permanency Assistance	\$576	31	\$17,856
TOTALS		885	\$509,760

Table 2: Youth 6-11 years of age Costs for Room and Board estimates at the rate of \$650.00 a month (22.9%). This is at the 95% level of the F2011 Report on the Expenditures on Children by Families SFY14 Estimates

Type of Payments	Average Monthly Amount	Number of youth	Total Cost per Category
Room and Board	\$650	326	\$211,900
Adoption Assistance	\$650	1498	\$973,650
Permanency Assistance	\$650	221	\$143,650
TOTALS*		2,045	\$1,329,650

DOC not included

Table 3 displays the cost for Room and Board estimates at the rate of \$676 for youth over 12 (27.8%) This is at the 95% level of the 2011 USDA Report on the Expenditures on Children by Families.

SFY 14 Estimates			
Type of Payments	Average Monthly Amount	Number of youth	Total Cost per

			Category
Room and Board	\$676	333	\$225,108
Adoption Assistance	\$676	1740	\$1,176,240
Permanency Assistance	\$676	571	\$385,996
Higher Education	\$676	300	\$202,800
Voluntary 18-21	\$676	135	\$91,260,
TOTALS		3,079	\$2,081,404

DOC not included

Of course there are many variables that could alter this predication. The number of children entering care has been increasing lately, after a significant decrease in the number of children entering care over the last few years. This trend may or may not continue. The number of children receiving the difficulty of care payments may increase as more challenging children enter the system. The new group of youth 18-21 who may choose to remain in foster care (or go out and then in again) will be hard to predict in the early years.

Special Strategies are Needed to Recruit Homes for youth over 12

The DHS is concerned that it has become increasing difficult to find and license resource homes for youth over the age of 12. In SYF 2013, there were only 67 licensed resource homes on Oahu and only 124 such homes statewide for this age group. Given that there are 333 foster youth living in foster care and 571 in permanency assistance over the age of 12, plus a new estimated new group of 135 young adults (between 18-21) who may choose to stay in extended foster care, this is an extremely low number of homes. It is hoped that increasing the reimbursements for this group by almost 28% will ease the challenge of finding families that are willing and capable to care for this group of youth.

Focus Group Feedback

"Foster children often require extraordinary investments of attention and time. This can make foster parenting a 24 hour, 7 day a week job."

A Resource Caregiver

Dr. Susan Chandler from the U.H. Public Policy Center and Lynne Kazama, from CWS assisted by Faye Kimura and Nicole Isa Iijima conducted focus groups of caregivers and other interested stakeholders in Kona, Hilo, Kauai, Maui and Oahu. Foster youth and young adults who have left foster care from High Hopes Board and The Foster Youth Coalition were invited to attend separate focus groups to discuss this issue as well as the new Extended Voluntary Care to 21 law. Attached, as Appendix 3 is a summary of the findings. There were several similar themes across the islands and between the resource caregivers and the young adults. There were also excellent suggestions for a variety of improvements.

The start-up costs of fostering are steep. The family is usually unequipped with the necessities like diapers, formula, clothing and carriers. We usually find out we are getting a baby on the day he or she needs to be picked up."

A Resource Caregiver

Age

While most of participants in the focus group liked the idea of raising the reimbursement rate based on the increased costs of youth in their older years, particularly the high costs of food and clothing for teenagers, others expressed concerns that an age-graded system for reimbursement rates might be "unfair." In every focus group of the adults, at least one person raised the concern that infants and toddlers (0-2 year olds) were an especially expensive group of children and the resource caregivers needed additional support for the cost of diapers, baby equipment and other expenses, particular to this age group. Some thought that age was not the most important variable for determining the care expenses (except for infants and toddlers) and that the reimbursements should be better aligned with the needs of the child, not set by the age of the youth.

Clothing Allowance

There was a lot of discussion about how the clothing allowances could be better provided. Almost everyone in the adult groups felt that the current system was cumbersome and difficult to access. Some said the system was slow in reimbursing them; others said keeping all the receipts was a hassle. Some commented that the purchase order system would be better if the child welfare staff could do it in a timely manner and if more stores would accept the purchase order. Several in the youth focus groups complained that they didn't get the clothing that the department gave their foster parents and somehow the department should insure that the money was really going to be spent on them. Everyone liked the idea of a streamlined system (perhaps two payments automatically) but there were concerns expressed about how the department would know if the money was really being spent on clothing and many made the point that there was the need to give the clothing allowance quickly right after a child entered the resource home, since they rarely come with clothes from their last placement (or the initial placement).

Difficulty of Care Payments

This topic was raised in every adult person's focus group. It seemed that it was unclear to many *how* they were to get the DOC payment. Many doctors were not informed about how to fill out the DOC form or what it actually entailed to care for a child with these challenges on an hourly basis. The idea of using a standardized form to assess the child's ability to function and their individual needs (e.g. can they bathe themselves? can they feed themselves, etc.) more like a daily functional living assessment would be preferred. It seemed that

many caregivers felt the forms were hard to use and then there was inconsistency across CWS workers regarding how they then process the form to determine payments.

Automatic Rate Adjustments

Many suggested that the board rate should be tied to “something” like the federal poverty line or the cost of living and then adjusted automatically, rather than having to keep coming to the Legislature to ask for increases.

CONCLUSIONS

After reviewing the research on determining board rates and resource caregiver reimbursements across the nation and hearing from Hawai‘i’s stakeholders including resource caregivers and foster youth, as well as some CWS staff and those who have exited the foster care system from all counties, the policy recommendation is to establish a reimbursement system based on three age categories (0-5; 6-11 and over 12). The rate of increase for each age cohort will be based on the USDA Report on Expenditures on Children by Families (2011). Included in these increases are youth who receive higher education benefits and the young adults choosing to engage in the voluntary extended care program from until age 21. In addition, all of these increases will apply to adoption assistance and permanency assistance. The increase costs to DHS are estimated to be \$8, 502,936.

The Public Policy Center would like to extend its appreciation the many resource caregivers, other interested stakeholders, CWS staff and the young adults who attended the focus groups across the islands and provided their insights.

Appendix 1
Indiana's Final Rules

Foster Care Rate Rule Summary

- I. **How did this Process Begin**
 - a. DCS announced a 10% reduction in foster care per diems in late Fall 2009 (from \$25 per day to \$22.50)
 - b. ACLU filed a class action lawsuit on behalf of DCS foster parents
 - c. The court issued a ruling temporarily barring DCS from implementing rate reductions. The court indicated DCS did not have a clear methodology for establishing the rates and therefore couldn't demonstrate the rate covered the reasonable Title IV-E costs of raising a foster child.
 - d. DCS drafted rate rules outlining a clear methodology and hired an independent university to establish a precise method for calculating the costs of care
 - i. Rate rules drafted during Summer 2010
 - ii. Public Hearings on the methodology outlined in the rules held in September 2010
 - iii. DCS entered into a legal settlement agreement in early 2011:
 1. Locking the foster care per diems at \$25 in 2011 until the methodology was introduced to set rates effective January 1, 2012
 2. Agreeing that DCS would set future rates through implementation of the methodology outlined in the rules
- II. **Main Changes as a Result of the Rate Rules**
 - a. Rules now establish procedures DCS will use to set per diem payments to foster parents
 - i. The independent expert (BSU) established a method for DCS to use in determining foster care per diem payment rates
 - b. Foster Care Per Diem
 - i. Rates vary by age of child and child's category of need
 - ii. Foster care rate is no longer determined based on the license category of the foster parent (regular, special needs, therapeutic) – the rate will be determined based on the specific needs of the child and not the license type of the foster parent
 - iii. Foster parents who take assessed higher need children will received an enhanced supervision payment (higher rate)
 1. The rate a foster parent receives will be determined based on age of child and CANS level with input from the Child and Family Team
 2. DCS must assess the child's level of need (CANS) when determining placement
 3. Child must be reassessed every 180 days or at critical case junctures
 4. Foster parents may request a review of the child's category of supervision



ATTACHMENT J.1.2

Foster Care Rates Effective January 1, 2010

Children age 11 and Under

Level	Daily	30 Day Month	31 Day Month
I - Regular	\$30.66	\$919.80	\$930.46
II - Special	\$31.26	\$937.80	\$969.06
III - Handicapped	\$33.23	\$996.90	\$1,030.13
IV - Multi-handicap	\$38.99	\$1,169.70	\$1,208.69

Children age 12 and over

Level	Daily	30 Day Month	31 Day Month
I - Regular	\$34.15	\$1,024.50	\$1,058.65
II - Special	\$35.39	\$1,061.70	\$1,097.09
III - Handicapped	\$37.83	\$1,134.90	\$1,172.73
IV - Multi-handicap	\$44.58	\$1,337.40	\$1,381.98

Foster Care Rates Effective January 1, 2009 - December 31, 2009

Children age 11 and Under

Level	Daily	30 Day Month	31 Day Month
I - Regular	\$30.66	\$919.80	\$930.46
II - Special	\$31.26	\$937.80	\$969.06
III - Handicapped	\$33.23	\$996.90	\$1,030.13
IV - Multi-handicap	\$38.99	\$1,169.70	\$1,208.69

Children age 12 and over

Level	Daily	30 Day Month	31 Day Month
I - Regular	\$32.97	\$989.10	\$1,022.07
II - Special	\$34.17	\$1,025.10	\$1,059.27
III - Handicapped	\$36.52	\$1,095.60	\$1,132.12
IV - Multi-handicap	\$43.04	\$1,291.20	\$1,334.24

Methodology

Each year, the department will raise the Level 1 board rate to reflect the USDA Report on the Expenditures on Children by Families in the urban south. The daily ate is calculated by using the middle income level as follows:

- 1) Compute the average total expenses for children 11 years of age or under
- 2) Divide the number by 365 to give the daily rate for Level I board rate
- 3) Using that number, calculate the % increase over the previous year
- 4) Apply the present increase to level II, III and IV daily board rates
- 5) Multiply the daily board rates by 30 and 31 (according to the days in the month) respectively
- 6) Repeat steps 1-5 for children age 12 and over.

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